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Latin America Report



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16 MAY 1986

LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

EL SALVADOR'S UNGO SUPPORTS GUATEMALA'S PARLIAMENT PROPOSAL

Guatemala City PRENSA LIBRE in Spanish 16 Feb 86 p 7

[Text] Guillermo Ungo, president of El Salvador's Revolutionary Democratic Front (FDR), described as positive Guatemalan president Vinicio Cerezo's proposal that a Central American parliament be formed.

The proposal contributes to the expansion of cooperation in the Isthmus, he said, inasmuch as it seeks not to divide countries into blocs, but to establish dialogue among them all as the solution to regional conflict.

Ungo's statement was published yesterday [15 Feb] by the Central American News Agency in a dispatch cabled from Mexico City. This dispatch further states:

"Nonetheless, Ungo stressed that a parliament performs a formal function and that, in view of the region's problems, it could serve as a measure that would complement fundamental solutions."

The president of the FDR--a group that is allied with the Farabundo Marti National Liberation Front (FMLN)--criticized Jose Napoleon Duarte's regime for not renewing talks, which, he asserted, are vital to achieving a political solution to the Salvadoran crisis.

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INTER-AMERICAN AFFAIRS

MEXICO DEPORTS UNDOCUMENTED SALVADORANS, GUATEMALANS

Guatemala City PRENSA LIBRE in Spanish 21 Feb 86 p 14

[Text] A number of Guatemalans and Salvadorans were deported from Mexican territory last Friday after they were caught by migration officials as they attempted to reach the United States. They were able to get only as far as the Oaxaca state line, where they were discovered by the Mexican police.

According to Fernando Perez Dominguez, the migratory services agent in this city, the 161 undocumented deportees were reported to have entered Mexican territory by crossing the Suchiate River. The sizable group were arrested in the migratory retention centers of Juchitan, in Oaxaca and Arriaga, in Chiapas. After their statements were heard, the Guatemalans and Salvadorans were taken to the border at Talisman, where they were deported to Guatemala.

Perez Dominguez reported that 1,460 undocumented Central Americans were caught in January, representing a 100 percent increase over the number of such apprehensions in previous months. He noted that the undocumented Central Americans succeed in reaching Mexico City, where they work for a while and then continue their journey toward the United States.

Meanwhile, 3,000 illegal immigrants were captured and deported along the U.S. border in El Paso, Texas, among them many Central Americans.

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INTER-AMERICAN AFFAIRS

CHILEAN-ARGENTINE INTEGRATION EFFORTS HIGHLIGHTED

Changes Noted

Santiago EL MERCURIO in Spanish 31 Mar 86 p C2

[Article by Gabriel Gonzalez Segovia]

[Text] Chileans and Argentines are working together harder and harder for progress. "We need each other." This was how the commander of the Beagle Naval District, Capt Hugo Bruna Green, described the integration efforts going on in the south. The potential offered by the Peace and Friendship Treaty that the two countries signed in 1984 has not gone unrealized. Authorities and tourists from the two nations cross the border often. Ships from the two navies sit quietly at anchor in Ushuaia and Puerto Williams. Chilean industries are interested in working on Argentine soil, and Argentines are showing an interest in importing timber, fish and shellfish from Chile. The Punta Arenas Foreign Trade Zone has decided to open up field offices in Buenos Aires and Rio Gallegos...Captain Green himself acknowledges that this is not all; a series of initiatives to hasten integration in the area are still in the works.

Furthermore, the face-lift that the southern region is undergoing is not limited to Chilean and Argentine towns. The last of the Yamanes are also joining in the development effort. While the women sell goods for Argentine australes in Puerto Williams, the men sail and traipse through the rookeries at Cape Horn in search of game. They left Navarino and arrived one day near Puerto Williams, in the town of Ukika, where they live in yellow and blue houses. Some of them now have television sets.

In addition, the government is giving the town incentives and fostering progress in the area: on Navarino itself, in the Patagonia, even in the Antarctic. In Puerto Williams a newly installed greenhouse provides the population with several produce items, while the reach of the national TV channel is extended there and money-exchange offices are springing up.

The article below describes the atmosphere and the living conditions in the area around the Strait of Magellan.

Past Differences Overcome

Santiago EL MERCURIO in Spanish 31 Mar 86 p C2

[Text] Puerto Williams--"After the signing of the Peace and Friendship Treaty between our country and Argentina, the spirit of the Chilean Navy in this zone is to permit as much integration as possible," said Capt Hugo Bruna Green, the commander of the Beagle Naval District.

He stated that "all of the rough edges from the past have been smoothed out" and that a series of initiatives are now taking shape that will provide for even closer ties of friendship and cooperation between the two countries.

He said that the Chilean Government is making arrangements so that entire families can settle on Navarino Island, in Patagonia in general and in the Antarctic; their mission is to exercise national sovereignty and enable these areas to develop: "We must make human settlements possible, and to this end industries could be set up there to provide job sources," he stated.

Visitors are struck by the tranquility of the region, which for many years was the object of an international dispute that was ultimately settled by Pope John Paul II.

Chilean and Argentine tourists regularly visit Ushuaia and Puerto Williams. Argentine citizens are traveling here to see the port's tourist attractions in spite of the fickle weather these days, with temperatures in the high 60's, the rain pouring down or windstorms blowing the roofs off the colorful houses.

High-level Argentine Navy officers are also visiting Chile. A few days ago, Adm Enrique Jorge Consentino, the top commander of Argentina's southern region, paid an official visit to Puerto Williams. He was welcomed by the navy's number one authority on Navarino Island, Commander Bruna, who also served as the aide-de-camp to Adm Jose Toribio Merino and as the commander of the destroyer "Portales."

Unity and Integration

Commander Bruna Green stated that "like Argentina, we want to bring about as much integration and unity as possible, which we are doing as a result of the Peace and Friendship Treaty that was signed with Argentina at a ceremony of far-reaching importance that was presided over by the pontiff. The rough edges belong to the past."

He recalled that a series of initiatives are taking shape to implement the treaty and that the bonds of peace are growing ever stronger.

Cooperation

"The prevailing spirit here in southern Chile and Argentina is one of real friendship and brotherhood, and the two navies are being mutually supportive. We realize that we need each other throughout this harsh territory. They need us and we need them," he stated.

Among the developments that evince the very close cooperation, Commander Bruna mentioned the assistance that the Chilean Navy has lent to an Argentine expedition that kayaked down the Beagle Channel to Cape Horn. Their course was monitored, and they were given weather reports and other information they needed to make their trip safer.

Development in Patagonia

As for the steps that Chile has taken to develop the Patagonia, he pointed to Law No 18,392, which grants a number of benefits to individuals who would like to settle there.

"This law makes possible the development of the region, which we could say had been abandoned, except for the loving care that the Chilean Navy has always given it," he noted.

The Executive and Legislative branches proposed the law to develop Navarino and the nearby Chilean territory, which includes Tierra del Fuego and the Antarctic province.

"Industries have all sorts of advantages for 25 years; there is no value added tax and no other taxes. In short, it is a foreign trade zone with more benefits than are granted in Punta Arenas," Commander Bruna said.

He recalled that Argentina took steps to help its southern region some 5 years ago, and Ushuaia, which used to have a population of 4,000, swelled to 22,000 inhabitants. "This is why our beautiful sister city has developed," he stated.

Today's Look

Almost eleven months have passed since the Peace and Friendship Treaty with Argentina was ratified (on 2 May 1985), thanks to the mediation of His Holiness Pope John Paul II, and the situation in the area is completely normal. "The atmosphere is one of the utmost calm," remarked Commander Bruna.

Vessels from the two countries are moored at their respective berths, both in Puerto Williams and Ushuaia, and the authorities are making a real effort to get to know each other.

Perhaps the prevailing situation around the Beagle can be summed up in this comment by a resident of Patagonia: "Nothing will happen now because we're friends with them (the Argentines)."

8743

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INTER-AMERICAN AFFAIRS

OECS MINISTERS OF LEGAL AFFAIRS DISCUSS COORDINATION

Port-of-Spain TRINIDAD GUARDIAN in English 14 Apr 86 p 5

[Text]

ROSEAU, Apr. 13, AP — LEGAL Affairs Ministers of member countries of the Organisation of Eastern Caribbean States (OECS) have agreed they should take stronger measures to combat the traffic, cultivation, possession, and use of drugs in the sub-region.

The ministers, at a two-day meeting in Dominica, also set the objective of harmonising their drug-enforcement laws — and a series of other laws as well.

Dominica's Attorney General Brian Alleyne explained that having similar laws in the various states would, among other things, help prevent violators in one country from escaping to a more liberal jurisdiction nearby.

Areas in which the OECS Legal Affairs Ministers favour harmonising their laws include civil aviation, road traffic, extradition and company law.

Alleyne said there was no intent to undermine efforts by Caricom aimed at harmonising legislation in the region, or to create peculiar laws for the sub-region.

For Support

The ministers, he said, want to "adopt a common approach which is appropriate and fits in

with the situation in the OECS."

The Attorneys General approved in principle a United States-funded project for support of the administration of justice in the region.

The project was announced in February by U.S. President Ronald Reagan in Grenada.

But Alleyne said there were "certain concerns" on which the OECS legal desk was asked to do further analysis.

Regarding objections by Dominica Prime Minister Eugenia Charles to the proportion of aid funds spent on consultants and conferences, Alleyne said that is one of the matters to be taken up by the OECS collectively through the legal desk.

The ministers also agreed to ask foreign affairs departments in the sub-region to collaborate with the Legal Affairs Ministries in examining treaties signed on their behalf by the British Government prior to independence, so that "appropriate action" can be taken.

Montserrat is the only remaining British colony in the seven-member OECS. The others, besides Dominica, are Grenada, Saint Lucia, St. Kitts and Nevis, St. Vincent and The Grenadines, and Antigua and Barbuda.

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CSO: 3298/411

ARGENTINA

POLL REVEALS 52 PERCENT FAVORS ALFONSIN'S REELECTION

Buenos Aires SOMOS in Spanish 9 Apr 86 pp 18-19

[Passages enclosed in slantlines printed in boldface]

[Text] Two years and 4 months after the return to democracy on 10 December 1983, the most forward-looking politicians are already looking toward 1989, when Raul Alfonsin must end his 6-year term and turn the reins of power over to whoever wins the elections on the last Sunday of October. Actually, most of the government's supporters believe that he will be succeeded by another Radical, although others among them--/perhaps a more influential group because of their positions in the power hierarchy/--hope that Alfonsin will not transfer power even to another /correligionist./ They want him to remain in the Casa Rosada for another term, which would be 4 years if the Constitutional reforms are approved. The situation is simple: To run again, Alfonsin needs to have the Constitution amended. Moreover, he must arrive at a personal decision on the controversial /distribution of burdens/ in order to remain in office.

Beyond the debate (which is now restricted to political circles), the final decision depends, obviously, on the citizenry: Today, /52 percent of the residents of the federal capital and Greater Buenos Aires would welcome another presidential candidacy by Alfonsin,/ according to an opinion poll conducted for SOMOS by A&C. The survey involved 400 respondents in the capital and the 19 districts of the metropolitan area, and was carried out by means of a questionnaire that was administered at randomly selected points of concentration. The sample was representative overall of the population stratification that was revealed in the 1980 census. The margin of error is plus or minus 5 percent.

Several conclusions can be drawn from the poll. The principal one is that 52 percent of metropolitan residents (one out of two) want Alfonsin to run again, while another 40 percent definitely oppose that idea. One detail that repeatedly emerged was that Alfonsin continues to draw most of his support from women: 59 percent said yes, and only 30 percent said no. Among men, on the other hand, 44 percent responded yes to the candidacy and 50 percent no (Table 1).

A complementary (and to a certain extent /contradictory/) fact came to light when the pollsters asked the citizens if they would vote for Alfonsin: /34 percent predicted they would support him, while 52 percent said they would not vote for Alfonsin./ Another 13 percent said /they do not know/ what they would do, meaning that they can be placed among the /undecided/ (Table 2).

The contradiction arises among the respondents who accepted a second candidacy by Alfonsin while saying that they would vote for another candidate, or at least stated that for now they were not planning on voting for Alfonsin. This contrast also appears when the answers are broken down by sex and level of education. Thus, /although 59 percent of women agree that Alfonsin should run again, only 42 percent would back up that assertion with a vote./ A similar trend can be seen in the break-down of answers by educational level: The affirmative response of college graduates drops from 59 to 41 percent when an actual vote is involved, and grade-school graduates' support for the candidacy drops from 49 to 30 percent. The increase in undecided respondents is significant, however.

The other surprises came out when the citizens were asked whom they would support for president: Alfonsin (/21 percent/) and La Rioja Governor Carlos Menem (/11 percent/) came in first, followed by Intransigent Oscar Alende (6 percent), Peronists Carlos Grosso and Italo Luder, and /"no one"/ with /4 percent./ Francisco Manrique (2 percent), Peronist Antonio Cafiero (2 percent), and Deputy Marcelo Stubrin (2 percent) were all relegated to the lowest rank, the latter being /the Radical with the most support in this region after Alfonsin./ Although there were many /"don't know"/ answers in this segment (Table 3), the distance between Alfonsin and Menem is /great./ "The separate totals of the Justicialist and Radical votes are /almost even,/ so /if the Peronists vote along party lines rather than for individuals, this trend will probably hold. It will be up to the minority parties and the undecided voters, then, to break the tie,"/ concluded Esther Kaplan, director of public opinion for A&C.

Whether or not Alfonsin wins in 1989 will not depend on people's preferences today, but, very simply, on whether the constitutional reform will enable him to compete once again for the highest office in the republic without having to wait out an intervening term.

The debate surfaced very early, in the spring of 1984 when Radical Senators Hector Velazquez and Adolfo Gass proposed a declaration urging the Casa Rosada to begin studies to reform the Constitution and thus permit the reelection of President Raul Alfonsin. The proposed reforms would also cut the presidential term from 6 to 4 years. The government, however, needed no such signal (some opponents regarded it as a /"trial balloon"/) to begin the studies: /"It is a matter that is always under study,"/ responded top officials elliptically.

The main leaders of the Peronist opposition dealt with the issue in various ways, but they essentially agreed with the need to /modernize/ our basic legal instrument. They would take a broader approach, however, rather than focusing on the length of the presidential term and reelection. For a few months the issue was on the /back burner,/ until the Radicals themselves began to come out strongly--with a few exceptions--in favor of Alfonsin's reelection in

1989. /"Neither the Radicals nor Argentine society can afford to waste a leader of Alfonsin's caliber,"/ is the firm opinion of leaders ranging from Cesar Jaroslavy to the most reticent sympathizers. These partisan aspirations, however, clash with the words Alfonsin himself uttered on 3 November 1985, when he asserted that he would not remain in office /"a minute less or a minute more"/ than the 6-year term he won in 1983. Some of the president's closest advisers claim they have heard him say in private, /"I don't want to go through what Peron did."/ He is undoubtedly remembering that the challenges to the founder of the Justicialist movement in the 1950s were rooted in the constitutional reform that allowed his reelection.

The speculation began to subside somewhat in the second week of March, when he stated, upon instructing the Council for the Consolidation of Democracy to undertake a study of possible constitutional reforms, that the initiative /"should not include any modification of the length or terms of the mandate that the people have given me."/ The man in the street understood this to mean that Alfonsin /"does not want to be reelected,"/ and that the new constitutional provisions would apply only to his successor. But, . . . the Radicals are not content to have Alfonsin wait out a 4-year interregnum to return to the threadbare /"Seat of Rivadavia."/ They insist on noting that Alfonsin said only that the reform /"should not"/ include reelection. They believe that because he did not absolutely rule it out, /"if the party pleads with him, . . ."/

Table 1

Do you think it is all right for Alfonsin to run for president again?

Choices	Totals	Men	Women	Level of Education		
				College	Secondary	Primary
Yes	52%	44%	59%	59%	54%	49%
No	40%	50%	30%	39%	36%	42%
Other	1%	1%	3%	2%	2%	2%
Don't Know	7%	5%	8%	--	8%	7%

Aside from the need to reform the Constitution, 52 percent of metropolitan residents think it is "all right" for Alfonsin to run for a second consecutive term. The opinions vary according to the sex and educational level of the respondents.

Table 2

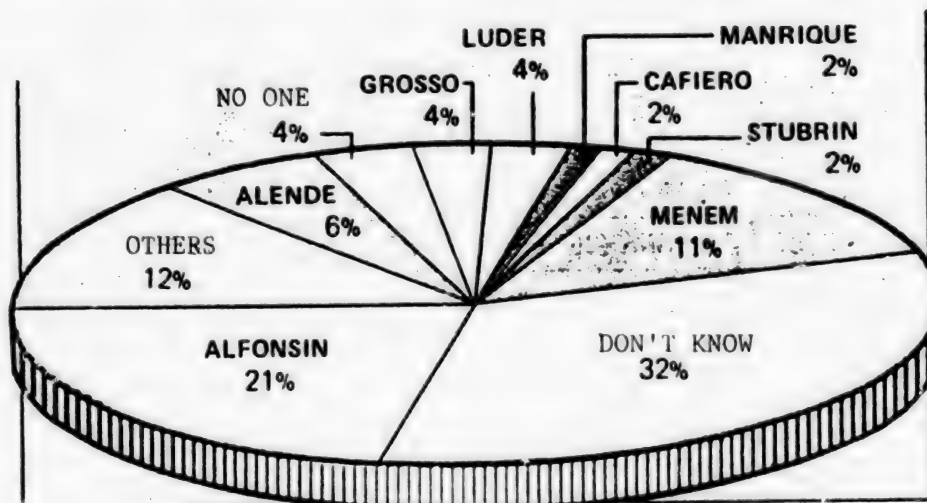
Would you vote for him?

Choices	Totals	Men	Women	Level of Education		
				College	Secondary	Primary
Yes	34%	26%	42%	41%	39%	30%
No	52%	63%	43%	45%	48%	57%
Other	1%	--	1%	--	--	1%
Don't Know	13%	11%	14%	14%	13%	12%

With 13 percent undecided, 34 percent of the population would vote for Alfonsin today, while 52 percent would not. Most of the negative answers came from men and the less educated sectors.

Table 3

Whom would you support today for president?



Raul Alfonsin is the politician whom the most citizens would support for president (21 percent), followed by Carlos Menem (11 percent), Alende (6 percent), and Grosso and Luder (4 percent). Marcelo Stubrin has the second-highest ranking among Radicals. The majority of the respondents answered "Don't Know."

8926

CSO: 3348/513

ARGENTINA

SPECIAL REPORT EXAMINES JUSTICIALIST PARTY'S DIFFICULTIES

Buenos Aires CLARIN in Spanish 9 Mar 86 p 8

[Article by Antonio C. Morere; passages enclosed in slantlines printed in boldface]

[Text] The Peronist movement, which is being stymied by its own internal confrontations and contradictions, has begun an effort to achieve three simultaneous goals: prevent an irreversible schism, undertake a reorganization in as orderly a fashion as possible, and prepare to square off against the Radicals in the elections.

After the 3 November elections, the reformist sector (which later nominated /Carlos Grosso, Antonio Cafiero and Carlos Saul Menem/ as its leaders) launched a fierce attack in order to dislodge the national council headed by /Vicente Leonides Saadi/ from party power. That attack was supported by the union group known as "the 25," led by /Roberto Garcia and Roberto Digon,/ among others. The council, on the other hand, was backed by the 62 Organizations, whose leaders are /Lorenzo Miguel, Lesio Romero, Jorge Triaca, Diego Ibanez and other trade unionists./

The reformists' attack was interrupted, however. The position of the most "hardline" leaders, such as /Jose Luis Manzano, Eduardo Vaca or Jose Manuel de la Sota,/ was attenuated by the more conciliatory attitude taken even by the so-called "national spokesmen" (Cafiero, Grosso, Menem), or by those who, like /Deolindo Felipe Bittel,/ for example, called attention to the risk of a schism and began to seek ways of reaching an understanding with their internal rivals.

The reformists persisted in their determination to set up a nationwide internal faction (for which purpose they convened the plenum in the Norte Park on the 22nd and 23rd of this month), but they dropped their demand that the current party leadership be replaced. Along those lines, they took the initiative in calling for a "summit meeting," which the national council accepted eagerly since it implied some recognition of its authority.

Negotiation

The "summit meeting" marked the beginning of the preliminary stage of the negotiations between the two sectors, and also heightened the risk of an immediate rift in the party. The reformists brought their well-known "package" of demands, which basically calls for a normalization process guaranteed to be "clean" in the four districts subject to intervention (Buenos Aires, Cordoba, Jujuy, and Rio Negro). According to this plan, once internal elections have taken place there, a national congress would be convened (the idea of "self-convening" was therefore tabled), and from there direct voting would take place to nominate the future leaders. In other words, the reformists continue to aspire to take power in the party, but through an orderly internal process. They are no longer trying to oust the "/Saadi/ leadership" in a traumatic process.

Certainly time was on the side of the "/Saadi/ leadership," which was even strengthened by the recognition of its "legitimacy" by the reformists. But the fact that the current council has assured its own stability to pilot the normalization process (even if it has to negotiate the instrumental aspects) does not guarantee that it will remain in power after the next party congress. /Saadi/ even claims that his resignation will be on the agenda at that congress.

Matter of Image

Of course, even while withdrawing, the "/Saadi/ leadership-62 Organizations" axis has its strategy; if it does not survive under the present conditions, at least it will have an impact on the future of the party. It is obvious that the first objective is to prevent the reformists from taking over the party, but for that purpose the axis must convey an image of rejuvenation and organization. It cannot be identified with "the mob." The fact that /Herminio Iglesias/ is no longer secretary general of the council is evidence of its desire to divorce itself from the recent past of the Justicialist movement.

The 62 Organizations basically view /Italo Argentino Luder/ as a figure who, because of his political prominence and his ability to remain aloof from internecine squabbles, would be able to assume national leadership of the Justicialists during the difficult period of its final institutionalization, once the party reorganization is completed. /Luder,/ who has declined many candidacies and party posts offered to him by the leaders, will surely accept this one on the basis of an election carried out according to organic and statutory norms.

Among the reformists, the matter of leadership and eventual candidacies for top party posts is somewhat more complex. /Cafiero, Grosso and Menem/ are potential candidates for national party leadership, and in turn, they are often mentioned in connection with the race for the presidency. /Menem/ has publicly come out in favor of both objectives, while /Cafiero/ must first prove himself in the difficult Buenos Aires elections.

In this way, even if the reformists should agree on a common strategy and a political proposal to unify them, personal rivalries may disrupt the development and influence of the faction. In this regard, Rio Hondo is an instance that concerns them; party power slipped through their fingers, and they were forced to resort to negotiations which ultimately led them to the defeat of the Santa Rosa congress, where the "/Saadi/ leadership" emerged.

Confrontation

Not a few party leaders are convinced that the current confrontation reveals an underlying problem: the presence of "two Peronisms." Those leaders are the ones who feel that the schism will come, sooner or later. Although a desire for unity apparently prevails at the moment (though it may not be interpreted as a unification or "flocking together") and the "summit" negotiations may lead to the establishment of a "modus vivendi" that will permit the normalization, the trial by fire is still the province of Buenos Aires.

In this district, the Reformist Front, encouraged by the results of the 3 November elections, believes it is entitled to impose conditions, or at least to reject the conditions it finds unacceptable. It also has /Cafiero/ among its ranks, and he is practically regarded as the obligatory candidate for the district. Buenos Aires reformists, moreover, take it for granted that there is no way /Saul Ubaldini/ will descend into the political quicksand and sacrifice his union leadership.

Within this framework, we cannot rule out the possibility that if no agreement can be reached on rules of procedure in the district, the Reformist Front will formalize its alliance with the Christian Democrats, the incidental strengthening of the Intransigents, and the already guaranteed support of "the 25," to relive the experience of the 3 November elections. And whatever happens to the Peronist movement in the province of Buenos Aires will have a direct and immediate impact on the rest of the country. It is safe to say that the unity or disunity of the Peronists will depend on what happens in the district of Buenos Aires.

Meanwhile, the strategy of the national council-62 Organizations in that province calls for the establishment of a pole equidistant from the aforementioned figures (/Cafiero and Herminio/), who are marshaling various leaders and factions, including /Lesio Romero, Eduardo Setti, Alejandro Romero, Carmelo Amerise, Jesus Gonzalez, and Diego Ibanez./ They are aiming in two directions: to compete internally with the reformists, or to take over the party if the Reformist Front decides to run its own candidates next year. The drawing up of separate slates should definitely be considered a possibility.

Trade Unions

Another controversial element that is affecting the Justicialist political apparatus is the confrontation on the union front. The idea of implementing the famous "third" of the "union branch" should definitely be abandoned for the upcoming internal elections. Such an agreement between "the 25" and "the

62" is unthinkable, given that they are fighting tooth and nail for political and union territory. If the alliance game does not change soon, "the 25" will be on the reformist slates and "the 62" will side with what has become known as "the orthodoxy."

Against the backdrop of these debilitating struggles, in which the trivial and the fundamental tend to become confused, the Peronists must regain their credibility among the electorate so that they can play an acceptable role in the upcoming contest, and more fundamentally, so that they can define their role as the principal force of opposition.

8926

CS0: 3348/513

ARGENTINA

DEFENSE MINISTER SEEKS TRAINING COOPERATION WITH FRG

Bonn DIE WELT in German 3 Apr 86 p 6

[Article by Guenther Bading: "Argentina Wants to Train Its Officers According to West German Armed Forces Model"]

[Text] Officer training, such as it is given in the West German Armed Forces, is to become a model for the reorganization of the armed forces intended in democratic Argentina. The new Argentine Defense Minister German Osvaldo Lopez--in office since February of this year--stated in a conversation with DIE WELT that the main purpose of his 5-day visit to the FRG was an exchange of opinions on the army's "reintegration" into democratic society. Yesterday, Lopez had a conference with Defense Minister Manfred Woerner during which the German side indicated its readiness to step up its training aid for Argentine officers in the future.

No Leadership Role

This cooperation is to be discussed in specific terms in Buenos Aires during Defense Minister Woerner's visit to Argentina at the end of May. Federal Minister for Economic Cooperation Juergen Warnke was received yesterday by President Alfonsin in Buenos Aires for an exchange of opinions at the start of a 3-day visit.

In addition to his visits to the West German Armed Forces--among others, at the Orientation and Indoctrination Center in Koblenz, the Command Academy in Hamburg, the University of Munich, and the 24th Armored Brigade--Defense Minister Lopez will also inspect the Blohm + Voss and Dornier enterprises. In talking to DIE WELT, the minister of course emphasized that there was no thought whatsoever as to any arms purchases by his country. "Like many other Latin American countries, Argentina in recent years greatly increased its armament expenditures." This, he noted, was accentuated even more noticeably under the military government since 1976 and reached its high point during the Falkland War in 1982. "At that time, 4.6 percent of the GDP were being spent for military purposes. We cut these expenditures back by more than half, to about 2.2 percent today."

In spite of its exposed position in the South Atlantic area, Argentina is not striving to achieve any kind of military and political leadership role, said

Defense Minister Lopez, who, prior to assuming his new office in February, was secretary-general of the administration of President Raul Alfonsin, a position comparable to that of the chief of the office of the chancellor in Bonn.

"Argentina believes its role to reside above all in preserving peace in our region. It proved its peaceful intentions when it signed the treaty with Chile (to settle the conflict in the Beagle Channel) and also when, during the conflict with Great Britain over the sovereignty questions in the South Atlantic, it concentrated exclusively on negotiations." The defense minister emphasized that his country is not tied to any of the big military blocs.

"A Western Country"

Said Lopez: "Argentina is a Western country by virtue of its origin, its culture, its political attitude, and its philosophy."

The minister appealed to the Western countries and especially to the West German government to seek a "political solution" for the pressing problem of Latin America's foreign indebtedness. Securing peace in Latin America, he indicated, presupposes improvement of the economic situation. "If there are no opportunities for growth, then there will be no opportunities for peace."

He termed Central America to be a frightful example where it has been found that a region that is left to itself is "vulnerable to destabilizing tendencies" when it is in economic trouble.

5058

CSO: 3620/648

ARGENTINA

BISHOPS ISSUE STATEMENT ON NATIONAL CRISIS

PY212348 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1907 GMT 19 Apr 86

/Quotation marks as received/

/Excerpts/ Buenos Aires, 19 Apr (NA)--Argentine bishops today stated that Argentina "is experiencing a crisis that is not limited to any given sector, but one which is an overall crisis." However, they noted that there are "positive elements" and called for the achievement of "a general national understanding" to solve the real problems that are affecting the country for the sake of the people."

At the end of the 25th plenum meeting of the Argentine episcopate conference, the bishops issued a statement in which they deplored "the existence of cultural expressions that have low moral and ideological levels" that seem to seek "the gradual weakening of the Christian essence of Argentine culture."

The communique, which contrary to what was expected did not include any statement regarding divorce, was issued during a press conference by the chairman of the episcopate conference, Cardinal Raul Primatesta and by Bishops Juan Jose Uriarte and Candido Ruiolo, at the end of the series of meetings that started on 14 April at the "Maria Auxiliadora" retreat house in San Miguel.

Regarding the specific difficulties that the country is confronting the church noted "the distressing economic situation of a vast sector of the population." It also noted that among the more distressing situations are unemployment and "various situations in the country that are worsened by floods and droughts."

The statements add that "the bishops have renewed their will to serve the church and the Argentine people in the firm belief that by expanding the nature of their task and their specific mission they will not only help to strengthen the faith and the unity of the body of the church but also the social body of our fatherland."

In the statement issued this afternoon the prelates note that "Argentina is going through a crisis that not only affects a given sector such as the family, social justice or aspects regarding human conduct, but an overall crisis."

They add that "this is a crisis that affects man and his culture, a crisis that concerns the being, the actions and the destiny of the Argentine man." It notes that "it is a crisis having ethical and spiritual roots; and that all other crisis stem from it."

The prelates add: "Therefore, there are a series of problems about which the Argentine people have been deeply concerned for many years."

In this regard they note "the distressing economic situation of vast sectors of the population due to the lack of resources; and unemployment which partly is due to the closure of job sources."

They add that "the problem of unemployment is more serious in some areas than in others" and they note "the alarming situations in the country which are worsened by the floods and droughts that have recently affected the area."

/12228

CSO: 3348/521

ARGENTINA

BRIEFS

RURAL ORGANIZATIONS ISSUE COMMUNIQUE--Buenos Aires, 23 Apr (TELAM)--The four major agriculture and livestock sector organizations that sponsored a strike on 21 April today issued a joint communique stating that they believe that the government will "quickly answer" their demands. In their communique the four organizations state that farm workers do not want to be considered as mere suppliers of budget resources, or as taxpayers who are forced to help overcome the poverty for which they are not responsible. The communique was issued by the Argentine Agrarian Federation (FAA), the Argentine Rural Confederation (CRA), the Agricultural-livestock Intercooperative Confederation (CONINAGRO), and the Argentine Rural Society (SRA). The four organizations stress that the government cannot disregard the wise and clear message that the entire country conveyed during the strike. As is proven by irrefutable data, the agriculture and livestock sector is a key factor in our socioeconomic life. It would, therefore, be hard to understand an attitude of indifference on the part of those who govern the nation, and who are expected to make wise decisions. The communique concludes by stating: We hope we have opened a new path. We will calmly await a quick response. It is now the government's turn. /Text/ /Buenos Aires TELAM in Spanish 1707 GMT 23 Apr 86 PY/ 12228

POLISH FISHING VESSEL FINED--Rio Gallegos, 17 Apr (TELAM)--The Polish fishing vessel "Likosar," which was caught operating in Argentine territorial waters without the appropriate authorization, has been fined \$150,000. This information, released by the regional office of the National Prefecture, indicates that the "Likosar" is still tied up at the port of Deseado and will not be allowed to sail until the fine is paid. The "Likosar" was detained 30 days ago by a Coast Guard launch, when it was caught operating in Argentine waters, approximately 190 miles from the port of Deseado. Argentine authorities confiscated 14 tons of processed prawns which the vessel had in its hold. /Text/ /Buenos Aires TELAM in Spanish 1744 GMT 17 Apr 86 PY/ 12228

MARITIME NEGOTIATIONS WITH SOVIETS--Buenos Aires, 9 Apr (TELAM)--Pedro Trucco, Argentine undersecretary for river and maritime transport, today said that the transportation of grain resulting from Argentine-Soviet trade in 1985 generated freight charges totaling \$120 million. The undersecretary revealed this information to journalists at the Public Works and Services Ministry at the end of the 2nd day of talks between Argentine and Soviet representatives in connection with the implementation of the agreement on maritime transport of goods traded between the two countries. Trucco said that nothing has yet been decided in the negotiations, but it is expected that the points of agreement will be broadened. /Text/ /Buenos Aires TELAM in Spanish 0244 GMT 10 Apr 86 PY/ 12228

SENATE APPROVES ARMY PROMOTIONS--Buenos Aires, 23 Apr (NA)--The national Senate today approved the promotion of 106 high-ranking army officers, thus ratifying the full list proposed by the commander-in-chief of the armed forces, Raul Alfonsin. Among the promotions to the rank of major general is current Army General Staff (EMGE) Deputy Chief Mario Jaime Sanchez, and that of eight colonels, who are commanding officers and will now become generals. In a secret session, the Senate overcame the differences which existed between the UCR /Radical Civic Union/ and Peronists senators regarding the list proposed by the executive branch. The UCR senators sought to approve the complete list, but the Peronists objected to some candidates who had been publicly denounced by human rights organizations. Nevertheless the Peronists voted with the UCR senators in the secret plenary session held this morning. The commanding colonels who are to be promoted to generals are: Humberto Esteban Ferrucci, Elvio Alberto Santarrosa, Juan Manuel Tito, Faustino Jose Svencionis, Raul Ricardo Mattiuzzi, Roberto Felipe Dominguez, Francisco Eduardo Gassino, and Valentin Osvaldo Venier. Quartermaster Col Juan Valentin Iriarte and Medic Col Juan Carlos Garimaldi were also promoted to the rank of general. The Senate also approved the promotion of 78 lieutenant colonels to the rank of colonel at the commanders cadre and that of 17 colonels to the next rank of the professionals corps. /Text/ /Buenos Aires NOTICIAS ARGENTINAS in Spanish 1705 GMT 23 Apr 86 PY/ 12228

CSO: 3348/521

BRAZIL

SARNEY REJECTS SIX-YEAR TERM, REELECTION

Aluisio Alves Reports

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Mar 86 p 1

[Article by Carlos Chagas]

[Text] President Jose Sarney is not willing to stay 6 years in government office, as the present constitution requires, much less would he be willing to be nominated for reelection. He recognizes that the decision must be made by the National Constituent Assembly in 1987, but he remains faithful to the thesis set forth by Tancredo Neves when the Democratic Alliance was formed--the present term of office should be 4 years, with no reelection.

This information was obtained yesterday from Aluisio Alves, who was with the president on the weekend. The minister of administration thinks that even after he has retired from public life, Sarney will continue to play a substantial leadership role in the country, bearing in mind the reforms which have been promoted on the economic, financial and social levels, with undeniable success. If things continue as they have been, it will not be the president's decision whether he occupies this space--the situation will dictate his role.

In the view of Aluisio Alves, it is necessary to do justice to Sarney and to acknowledge his competence. It is not a question of luck, but of courage. The measures approved on the 28th of last month were the product of a lengthy process of decision-making which the head of the government directed personally. From what is known it appears that Sarney had decided to promulgate the "packet" on 1 January, planning to announce the changes in the cabinet and to take advantage of the occasion that same day. He failed to do so because of political complications which arose in connection with the PMDB, since some of the former ministers were fearful of provisional resignation before 15 May. Much earlier, however, detailed studies on what to do regarding uncontrollable inflation had been ordered.

In April of last year, when he moved from his interim status to being the successor to Tancredo Neves, the president asked Minister of Planning Joao Sayad to send a trusted aid as an observer to the countries using a shock-treatment policy to combat inflation. Persio Arida spent 2 months in Israel,

and Francisco Lopes then visited Argentina. It was a question of finding solutions before the crisis took on greater proportions, unlike the situations in those countries, which were forced to apply drastic remedies during the heat of their crises.

As the January inflationary indices were as much of a surprise to the government as those in December, the president decided to accelerate the plans. With a small team limited to Dilson Funaro, Joao Sayad and Jorge Murad, plus a few handpicked advisors, he laid plans for acting as quickly as possible. He rejected the suggestion that use be made of the carnival period, believing it was possible to wait until 1 May. In view of the inflationary predictions for February, the 28th of that month was chosen. There were many nighttime meetings at the Alvorada Palace, with the press excluded, at the Ministry and with close friends, beginning on 15 February. On Sunday the 23rd, the general outlines of the "packet" were ready. Meticulously, Sarney mentioned his doubts, and his aides worked hard to clarify them, even into the early morning hours. What would be the effect on savings books? And wages? This final work on details took 2 days.

On the afternoon of Wednesday, the 26th, the military ministers were summoned to the Alvorada Palace, where they were informed that on Friday the 28th these measures would be announced. They indicated their full agreement, even though they knew that military wages would be affected. That night, the president summoned the consultant general of the republic, Saulo Ramos, who had not until then participated in the reform, to draft the decree law pertaining to him. This lawyer spent the early morning hours mobilizing advisers and laws, but failed to suggest any amendments. Straying far afield, he even asked for legislation on tourism, in no way involved in the package. Paulo Brossard, of the Ministry of Justice, also got into the act, as did Almir Pazzianotto.

On Thursday the 27th, the country began to seethe with rumors, but Aluisio Alves believes that some of them may have been encouraged by the Planalto Palace itself. "Funaro is resigning," and "Pazzianotto has asked to be released," it was being said. This was all a part of a tactic pursued to prevent anyone from getting to the heart of the matter. As a matter of courtesy, Sarney called Ulysses Guimaraes that afternoon and turned the conversation to drastic economic reforms, but they were not very well received. Thus it was not until the following day, Friday, when summoned to the Alvorada Palace again for morning coffee, that the president of the PMDB learned of the package. Two leaders of his party and two PFL leaders were also present.

Businessman Murilo Mendes, a personal friend of Sarney's, was summoned to Brasilia on Wednesday to meet with Dilson Funaro and Joao Sayad. The president wanted to know if the reaction of the business sector would be positive, like that of Mendes.

The entire operation showed capability, competence and courage, in the opinion of the minister of administration. The broadly favorable popular reaction placed Sarney in an outstanding position in the eyes of society. Particularly when, improvising and departing from the written text of his speech, he urged the people on Friday to serve as the monitor of the president.

President's Refusal

Rio de Janeiro O GLOBO in Portuguese 30 Mar 86 p 2

[Text] Brasilia--"I am not willing. I would not like to be reelected." This statement was made by President Jose Sarney, according to Luziania Prefect Orlando Roriz, the only politician to visit him yesterday at the Sao Jose do Pericumã country residence where the president is resting with his family.

In a talk with Sarney over luncheon, the prefect brought up the subject of the constituent assembly and suggested that the new constitution should allow the reelection of the president of the republic, but the president disagreed.

5157

CS0:3342/89

BRAZIL

MORE BALANCED TRADE WITH PRC FORECAST FOR 1986

Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Mar 86 p 27

[Text] This should be a very important year for the establishment, on realistic and lasting bases, of trade between Brazil and the People's Republic of China. Although, in 1985, Brazilian exports to that market grew 120 percent (at about \$1 billion) over the previous year and the country achieved a positive trade balance of more than \$400 million, this year Brazil will have to adapt to the new rules in trade relations with the attractive Chinese market. This is because, this year, after a period of expansionist enthusiasm, the Chinese have initiated their seventh 5-year plan, which is much more cautious, curbing the excessive imports--particularly of consumer goods--which were a severe drain on their foreign exchange reserves; the plan slows the pace of the great projects in process for the modernization of infrastructures and calls for equilibrium with its partners in the balance of trade.

From 30 March until 5 April, about 40 Brazilian companies will be demonstrating their products and services at Brazil-China Expo 86, in Beijing, and many deals will certainly be closed. However, it will be the responsibility of the business missions which will follow that event to implement the new system of negotiating with China. China can no longer ignore that foreign trade is a "two-way street." Anyone who wants to sell to China will have to buy from China or invest his capital in the Chinese market.

Two missions are already preparing to go to China in April, to investigate at close hand the immediate possibilities for doing business with the Chinese. They are the AEB (Brazilian Foreign Trade Association) mission, composed of businessmen from various industrial and service sectors, and a mission from ABDIB (Brazilian Association for the Development of Basic Industries), led by Minister Luis Pedroso Vilarinho, from the Trade Promotion Department of Itamaraty, and comprising representatives of 10 companies: Bardella, Villares, Cobrasma, Confab, Faco, Mechanica Pesada, Promon, Mafersa, Ishikawajima of Brazil and Verolme.

More than Rhetoric

Omar Bittar, aged 55, is vice president of ABDIB. From 17 to 22 February, Bittar was in China, preparing for the visit by his organization's delegation, and he is convinced that there are very good possibilities for collaboration

by Brazilian companies in the great projects in progress or planned for the next few years to develop the Chinese infrastructures. "Some 6 years ago, China initiated a program of reconstruction and implantation of major development projects. The United States and Japan have been the major suppliers of products and engineering services, but the Chinese government is really anxious to stimulate the South-South relationship and to develop its own technology, as Brazil did some years ago. This is not just rhetoric; it is the government's orientation," Bittar declared.

Based on the growth rates in bilateral trade and the countless visits by Chinese officials and technical missions to Brazil in the last 2 years, Bittar believes that "we are the ideal partners" for China. "There is no denying that the Chinese Government is trying to avoid further dependency on foreign technology, as is the case today with regard to the United States and Japan. Since Brazil is part of the Third World and has reached the most advanced technological stage within that bloc, it is of political interest to China," he observed.

On this trip to China, the ABDIB vice president received "logistical support" from Cotia Comercio Exportacao e Importacao, which has an office in Beijing and which, in Bittar's opinion, is the Brazilian trading company which is most familiar with the Chinese market. Bittar returned home filled with enthusiasm about Brazil's reputation with the Chinese. He met with representatives of the ministries of Economic Relations and Foreign Trade, Communications, Water Resources and Electric Power, Metallurgical Industry and Railways and with representatives of the state companies Machimpex (Machinery Import and Export Corp) and Citic (Chinese International Trust and Investment Company). Bittar said he had sensed that all of them had a "great interest in seeing Brazil play a greater part" in supplying the goods and services for the projects in progress in that country.

Direct Investments

The Chinese Government's decision to revise its investment programs, "significantly reducing imports of durable consumer goods, but maintaining--albeit at a slower pace--the projects for development of infrastructures," has not diminished Brazil's possibilities for trade with China. "Large investments should be made in projects for energy generation and distribution, as well as the exploitation of mineral resources, particularly coal, which will call for considerable improvement in the transport structure--especially ports and railways--which is quite precarious. Brazil wants and is in a position to take part in these projects, both at the level of engineering services and in the provision of machinery and equipment," he said.

Bittar feels that China is now "actively engaged" in bringing in Western capital and technology, but in a very specific way: "The government prefers that foreign loans be invested directly." Because of this, the ABDIB vice president said that the Brazilian businessmen who will go to China in April will examine the possibility of forming "joint ventures" with Chinese companies for the transfer of technology or of creating technological accords for the training of Chinese technicians in Brazilian industries. "The purpose of the mission is to learn about the Chinese investment programs and to see what projects the Brazilian companies could participate in. The form of that participation will be decided on a case-by-case basis."

COTIA Expects to Triple its Exports

With the arrival, last week, of sample of Chinese metallurgical coal for analysis in the laboratories of COSIPA [Sao Paulo Steel Company] in Cubatao, Sao Paulo, and COSIPA's probable approval, within the month, of a trial importation of 22,000 tons of the coal, Cotia Comercio Exportacao e Importacao S/A will begin to reap the first fruits of its trade strategy in the People's Republic of China (a slightly different strategy from the traditional method of operation of a trading company): to identify products which might feasibly be placed on the Brazilian market, to diversify imports (the principal import item is still petroleum), thus opening the way for expanded exports.

In addition to the inclusion of metallurgical coal on the import list, the trading company is concentrating its efforts on expanding purchases of pharmaceuticals--which are already imported from China, but in insignificant volume--and rice (45,000 tons last year). Although it is an informal accord, Brazil and China reached an agreement to maintain equilibrium in their trade balance, which means that increased exports depend on increasing imports. Hence the effort [to promote Chinese products] is important for the placement of Brazilian products on the Chinese market.

Cotia, which has maintained an office in Beijing for more than a year and which exported about \$50 million in goods to that country in 1985 (out of a total of \$650 million in sales by Cotia to various markets), appears prepared to consolidate its position there in 1986, making China its second largest market, after Nigeria. "This year we expect to achieve \$150 million in exports to China, or 20 percent of our sales, estimated at \$800 million," said Joseph Tutundjian, aged 26, Cotia's commercial director. And this total does not include negotiations in progress, according to Tutundjian. "This forecast is over and above the sale of products which Cotia traditionally sells on the Chinese markets, such as sheet and rolled steel, packaging paper, aluminum and pig iron," he added.

"Slightly Cooler"

Tutundjian returned from Beijing in early March. Although he thinks the Chinese market is "exceptional" and the rapid growth of Brazilian-Chinese trade is "unbeatable," he feels that it is important to bear in mind the conservatism which the Chinese ministries are planning and defining priorities in their imports for this year. "The country had a very large growth in imports last year, creating a trade deficit that was cause for concern. Thus, in the first months of 1986 we are seeing a slight cooling off in Chinese trade with its partners. For example, automobile imports have been banned," he explained.

Although imports of some products, particularly consumer goods, have been restricted, the gradual substitution for these imports opens an interesting field of action for foreign companies, through the formation of "joint ventures" with the Chinese corporations. "The Brazilian businessman does not have much of a tradition of investing abroad," the Cotia director continued, "but it is a possibility which should not be ruled out, nor should 'joint ventures' with the Chinese for activity in Brazil. The Chinese are very interested in investing here in the production of the raw materials for its export products."

Tutundjian admits that, up to now, Brazil has only established itself as a "good and reliable" supplier of raw materials to the Chinese, but not-- because the Brazilian exporters have not been aggressive enough, in his opinion-- as a supplier of manufactured products.

Hence, he feels, the importance of the Brazil-China Expo 86--Second Exposition of Brazilian Products and Services, which will be held from 30 March to 5 April in Beijing. "There is quite a lot of room for the placement of Brazilian manufactured products. It will not be easy to win over the market, but neither is it impossible," he observed.

Special Accords

Cotia Trading's strategy for activities in China includes trade agreements with the large corporations which attend to that country's exports and imports. One of these agreements was signed with Machimpex (China National Machinery Import and Export Corporation), involving the sale of Brazilian off-road trucks (manufactured by Randon) and the purchase of Chinese-manufactured metal machine tools, and one with China Aerotechnology Import and Export, to promote the sale of its products (parts and equipment for satellites, planes, automobiles and trucks) in Brazil and other Latin American countries. In return, the Chinese corporation seeks out opportunities for "joint ventures" in China which could be of interest to the Brazilian businessmen. In addition, Cotia--which represents COSIPA on the Chinese market--maintains an agreement with Minmetals (China National Metals Import and Export Corporation).

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CS0: 3342/94

BRAZIL

OIL IMPORT COST DROPS TO U.S. \$2 BILLION; RECORD PRODUCTION

Savings Expected

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Mar 86 p 27

[Text] Rio de Janeiro--Brazil should have net expenditures on oil imports of only U.S.\$ 2 billion this year, although the estimate at the beginning of the year was U.S.\$ 3.3 billion. The substantial reduction is due to the drop in oil prices on the international market. Net expenditures are the difference between the cost of U.S.\$ 3 billion for imports of crude oil and byproducts and the income of U.S.\$ 1 billion which will be obtained from fuel exports by PETROBRAS.

The commercial superintendent of PETROBRAS, Arthur Carvalho Neto, released the new figures pertaining to oil imports yesterday. They are based on an average price of U.S.\$ 16 per barrel, obtained from the average price of U.S.\$ 19 per barrel for the period from January to April, and the estimated average cost of U.S.\$ 14.50 per barrel imported from May to December.

The drop in prices on oil imports will not however be reflected in domestic prices, so that the consumer will not benefit. The commercial director of PETROBRAS, Carlos Sant'Anna, said that the price of gasoline and other byproducts will continue unchanged, because the current oil stocks were established when the price of the product was higher on the foreign market, and also because when they were frozen, fuel prices were below their real value. In Sant'Anna's opinion, there should be a reduction in the prices of the byproducts used in productive activities, such as diesel oil, fuel oil and natural gas, and, as a counterpart, there should be an increase in the prices of gasoline and alcohol in order to discourage excessive consumption, which has already been seen for these fuels.

Panic

Oil suppliers are panicking, Sant'Anna commented, in connection with the current price situation on the international market, down sharply from December of last year, when Brazil was paying U.S.\$ 26.78 per barrel. The average price dropped to U.S.\$ 24.60 in January, to U.S.\$ 20.87 in February, and U.S.\$ 16.25 in March, and it is expected to be U.S.\$ 13.90 in April.

The results of the last meeting of the OPEC, which ended Monday without any agreement among the producers, encouraged PETROBRAS to go ahead with its plans for imports, using Brazilian exports of manufactured products, services and even farm products which might possibly be characterized by excessively high export prices (in which production costs exceed income) as counterparts.

New PETROBRAS Record

Rio de Janeiro O GLOBO in Portuguese 1 Apr 86 p 18

[Text] Last weekend, PETROBRAS reached a record production level of 611,685 barrels of oil in a single day (29 March), a goal set 3 months ago. PETROBRAS has also announced that on 30 March, production totaled 611,526 barrels. The increase in production, averaging about 608,000 barrels per day, was made possible by the entry into operation of the new wells in the Campos Basin, accounting for 60 percent of the total domestic production.

The 608,000-barrel-per-day level was reached at the end of last December. PETROBRAS expects an average production this year of between 615,000 and 620,000 barrels per day, as compared to the 563,000 barrels per day obtained in 1985.

5157

CSO:3342/89

PARCEL

FUNARO ON PUBLIC SECTOR INEFFICIENCY, ECONOMIC STABILIZATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Mar 86 p 36

[Text of interview with Finance Minister Dilson Funaro, by ESTADO and JORNAL DE TARDE, in Brasilia on 24 March 1986; first three paragraphs are ESTADO DE SAO PAULO introduction]

[Text] In an exclusive interview granted to ESTADO DE SAO PAULO E JORNAL DE TARDE, Finance Minister Dilson Funaro assessed the first 25 days of the economic stabilization program and said he has certain that March would show a negative rate of inflation. "When the Brazilian makes up his budget and pays his bills, he will see that he has more money left over than he did in the inflationary period," Funaro declared, explaining his certainty that the public commitment to the program will grow, strengthening the new economy.

Funaro also voiced his confidence that Brazil will succeed in reducing the interest on the balance of the foreign debt; he said that the spontaneous resumption of foreign loans will reestablish the flow of transfers, obviating the painful renegotiations.

"The Brazilian society cannot go on paying for the inefficiency of the public sector," Funaro declared, announcing that the people themselves, who will receive more detailed and periodic reports on public expenditures, will be the principal watchdogs of the public finances, in defense of their own interests. It is also time, the minister declared, to democratize the capital of the state companies, by offering shares of these companies on the securities exchanges and privatizing the companies considered viable. Following is the text of the interview with the minister.

Society Will Control the State Companies

ESTADO: Minister, some analysts feel that the revision of Decree 2,283 ended by benefiting the liquidation industry. Do you agree with this assessment?

Funaro: In that first decree which we put out, the monetary correction was for 1 year. Thus, if the government, for example, made an agreement with COMIND [Sao Paulo Bank of Commerce and Industry] and Auxiliar would remain without the correction which we created on 19 November 1985. Then, in Decree 2,284, it fell within the law establishing the corrections. We went back to the original law, that of 19 November. So the second version was more rigid than the first. The deletion of "remained subject to monetary correction"

created a difference of opinion. To define this, we are setting everything to rights in the regulation so there will be no doubts. We hope to finish drafting this regulation today (yesterday) for publication tomorrow (today), so we can remove all the doubts. The important thing is the principle of this government: we took out the monetary correction because the government had established the monetary correction for the financial benefit of the unproductive. This government, now, is not going to benefit them.

ESTADO: How do you view the home [loan] system in Brazil in light of the economic stabilization program?

Funaro: The housing system in Brazil is completely out of phase, between what the borrower pays and what he owes to the bank, over and above the BNH [National Housing Bank] mortgage. The difference was being paid by the FCVS [Wage Variation Compensation Fund]. This fund was already programmed with a deficit of 100 billion cruzeiros, for 10 or 15 years, or 100 trillion cruzeiros. That is a king's ransom of a debt. Actually, we have been meeting here with the credit and investment associations--for days and days--and also with the BNH and the Savings Bank. We are trying to find a formula so that the society will not have to pay--through increased taxes for example--for the lack of funds in the FCVS. We are starting with two problems: the SFH [Home Finance System, or BNH] had been exhausted and was not fulfilling its role of financing homes. Why had it been exhausted? Actually, it was impossible to put money back into this fund, given the whole recessive process. To have a system like this completely depleted means the end of millions of jobs. We simply cannot go on passively accepting these terrible deficits without finding real solutions.

ESTADO: Minister, do you think that the Brazilian public can continue to bear the burden of the inefficiency of the public sector?

Funaro: Actually, the Brazilian public cannot go on paying for this inefficiency. Everyone knows this. Today there is a very important movement within the government, in the state companies, against this inefficiency.

ESTADO: Will there be dismissals?

Funaro: The government is bound by the civil service personnel legislation which, in most cases, allows dismissal only for very serious misdeeds. Since June 1985, our strategy has been to avoid new hiring and this ban on hiring will extend to November of this year, by force of the electoral legislation. This way, we hope to reduce a roster of 300,000 people, who are employed indirectly by the state companies, by more than 10 percent, and cut the normal roster, which includes the civil servants directly employed by the administration, by 6 to 7 percent. This is one of the biggest movements to cut back civil service employment that has ever occurred in the country. Not to hire, which is one way of reducing the weight of the civil service payroll, is also a way of preventing great political [handouts], particularly because the government has no way of dismissing civil servants, since their jobs are guaranteed by statute.

ESTADO: What about the [hiring] contracts, Minister?

Funaro: In the matter of contracts, the government has no control whatever. We are conducting survey after survey. All the public companies make contracts and we do not have all these contracts registered. Now we are requiring that the companies deliver a report on their contracts to us so that we can cross-file the information, by computer, so that a single individual cannot be hired under two or three contracts at the same time. It is a crazy business.

ESTADO: Mr Minister, there is a great demand for the government to control its expenditures and to make these expenditures very clear. What is the government doing in this regard?

Funaro: One way to create clear control is to permit the public to exercise control. Thus, I intend to demand that the state companies publish an accounting of their expenses every 3 months, because this is to our interest. We are tired of opportunists who have bankrupted state companies, through demagoguery, through job handouts, etc. And later, they have run for public office, even for the presidency of the republic. The case of VASP [Sao Paulo Airlines] and Sr Paulo Maluf is a blatant example. He took on 2,000 civil employees 10 days before the cutoff date for hiring prior to the elections. Fortunately, VASP can fire personnel because it is not subject to this kind of restriction in its statutes, which is not the case with the Bank of Brazil, for example. We have to institutionalize the public control over the government enterprises. This will prevent the enterprise from going off the path which was intended for it and beginning to spread its tentacles and, above all, from being used for political ends.

ESTADO: How do you intend to do this?

Funaro: By going public. By obliging the companies to publish more and more information. I am meeting with an internal committee to create the mechanisms by which the Brazilian public may be informed and may monitor the state companies. Because, this way, if there is a demagogue in one company or another, and he wants to exploit that company for job handouts, using public funds for his own political benefit, the public would immediately identify him. This is the key point.

ESTADO: How are you doing at keeping down the expenses of the state companies and the rest of the government?

Funaro: The investments are already being investigated by the SEST [Secretariat for Oversight of State Companies]. Through a dynamic system, we are monitoring their conduct through their balance sheets. The Secretariat of the National Treasury will have very real influence, because it will observe the flow of disbursements and is starting to discuss the cash flow of the state companies. There are control mechanisms which will enable the government to see, first, if the state companies are doing what the government wants; second, through this publication of accounts, the public will begin to observe what the government is doing. These are two absolutely essential phases of the process.

ESTADO: Do you feel it is essential to promote this financial housecleaning for a subsequent capitalization of some state companies?

What we are checking, really, is the effect of the monetary revision on the whole system of government revenues and expenditures, which is still not adjusted. We are aware that there will be some losses in government revenues, resulting, for example, from the reduction in the profits of the banks, which will pay a smaller income tax, and the reduction of the IPI [Manufactured Goods Tax] as a result of the reduction in the price of the products. On the other hand, the value of the money owing to the government was being eroded between the moment when the revenues were really generated and when the taxes were actually collected, and this erosion will disappear because now we have a strong currency. Moreover, we are no longer going to issue treasury notes. On the contrary, in March we managed a net redemption of 15 billion cruzeiros, and without inflationary currency emissions. What we are seeing is a highly important change in our economy.

Zero or Negative Inflation a Certainty

ESTADO: Minister, don't you worry about the survival of the microbusinesses and small companies that are being squeezed out in the negotiation processes?

Funaro: In recent days, there has been less radicalism regarding prices. Industry wanted to reset all its margins and business wanted to rearrange its bargaining room. There were 2 difficult weeks in which the small businessman was chased out of the purchasing departments of the big companies. They were really in a difficult position. Things are improving now and, today, I think there is already better understanding on the side of trade, which has already succeeded in concluding the major negotiations with the big companies, and in these times the big companies must act with more understanding toward the small businesses, because they cannot survive without them.

ESTADO: Is the government maintaining its position of not interfering in this process?

Funaro: We are keeping close watch, without becoming involved in arbitration. I think we must allow private enterprise to reach its own agreements.

ESTADO: Minister, if it finds the companies are having serious difficulties which could threaten their survival, won't the government intervene?

Funaro: There we will come in and help them out.

ESTADO: The banks have been hardest hit by the monetary reform. How is this sector adjusting? Are the banks strongly resisting the changes?

Funaro: The banks' profit will certainly be diminished. I think the bankers are absolutely convinced that this present system is much worse for them than the previous system, in which their profits were much greater. But they have all told me, several times, that this would not lead them to defend an inflationary process that would lead the country into a disaster. They know that, in fact, it was much easier to invest the demand deposits in the "open market," which cost them nothing and which was earning 230 to 250 percent per year, but they also knew that this process was almost uncontrollable. We were absolutely convinced of this.

ESTADO: There are already complaints that some companies are introducing new products, very similar to those they were already producing, but since they come on the market under different names and are not on the price freeze list, they are priced much higher than the original products.

Funaro: I have already heard some criticism about this. For a company to come out with a new product--refrigerator, television set, automobile--takes months and months of preparation. Also, companies seldom go for a year without launching a new product on the market. What we have to watch out for is if the company is trying to get around the price freeze. Normally, in a competitive market, no one can set a price very different from that of his competitors. In the United States, for instance, if a company introduces a product on the market at a price 20 percent higher than the others, it certainly won't sell. No one is going to buy it. In Brazil, with the price freeze, the same thing will be true. Thus, the new products will have to fall within the same price range as the products under the price freeze. The consumer is not going to pay more for a different color or a different pattern. If there are changes, naturally the CIP [Interministerial Price Council] will go into action and then we will make a comparison with the previous product. There is more. The technological change must always bring the price down and not up. It can happen that a new product will come on the market and the following year it will be priced lower and the year after that it will cost even less.

ESTADO: Will there actually be deflation, or negative inflation, this month? How much will it be?

Funaro: We have to compile data on 250,000 items to determine this index, so it is very difficult to make a reasonable estimate. I am certain that it will be zero or below zero. The behavior of the economy has made it clear that inflation has reached the freezing point. With the financial discounts, the index has remained below what it was on 26 February, when the price freeze was determined. Although some data have already been gathered and compared, we are still far from the 250,000 items.

ESTADO: Good or bad, there is an industrial policy in the country today, which has never been the case with the agricultural sector. Within the new economy, will there be an agricultural policy and also a supply policy, which is essential for it to function?

Funaro: We are drafting this policy in conjunction with the Planning, Agriculture and Finance ministries. We are also listening to the producers, because we want to make this country an agricultural country. Something like what Juscelino Kubitschek said when he announced that he wanted to be president again: to do for agriculture what he had done for industry; that is, to turn this country into a great agricultural country. And with a middle class, the people, gaining more purchasing power, it is the agricultural product which grows the most.

At the moment when income goes up a little, the lower class begins to eat. Then, too, the government's social programs place great demands and are going to place great demands on agriculture.

ESTADO: Could you go into more detail about the second phase of the economic stabilization plan, the part where it is proposed to redistribute income and maintain growth?

Funaro: A primary factor in income redistribution is the end of the monetary correction, which is the greatest mechanism that can exist for concentrating income. Monetary correction inverted the process, favoring speculators instead of those who work and produce. The key is that the process will enable the society to benefit from the reduction of prices made possible by the technological advances, which have not existed in the country for a long time. Another important thing: the discussions between companies and unions will be on real wages in the data bases. We have already seen real increases of 10, 12 percent turn into 1 percent within 1 month. So this discussion is very important. The negotiations regarding the profits of the companies, to determine how much should go to the shareholders and how much goes to the workers--this is a very modern method, to discuss the distribution of earnings from the production. It should be stressed that wages aren't frozen and, through the growth of the domestic market, there should be opportunities to earn a higher wage by changing jobs. When this happens, it is a very efficient mechanism for increasing income.

ESTADO: Minister, what about the problem of the vegetable farmers, with the extreme and abrupt price fluctuations that have been impossible to control effectively up to now?

Funaro: It is extremely difficult to exercise any control over this sector by means of price schedules. The prices have been frozen by decree. The vegetable farmers exert terrible pressure on the price indexes. This is because of a distortion in the form of data collection and calculation of these indexes. If the price of a particular type of greens goes up 40 percent, it is this 40 percent which shows up in the indexes, without taking into account that, as soon as the price goes up, the housewife substitutes another vegetable; the volume sold drops to 10 percent, but this does not show up in the index, despite the reduction in volume.

ESTADO: When will the enthusiasm for the new controls wear off? Is the government afraid that the public will lose the commitment which it has demonstrated in this first month?

Funaro: On the contrary, all the calculations have demonstrated the opposite. Every time the Brazilian makes out his budget, pays his bills, he is going to find that he has more money left over than he had during the time of inflation. For this reason, the program will gather strength and there will be increasing commitment to it. The Brazilian will be confident that the currency is strong, that he can exchange this currency for the merchandise he needs, and he is going to be more and more committed to the plan. I'm sure of it.

ESTADO: How do you view the complaints against the supermarkets, precisely, those which belong to members of the National Monetary Council?

Funaro: I believe there was , in fact, a lack of internal control in these companies. I am absolutely certain that a few hours after the president gave the order for the price freeze, when we were in some supermarkets pointing out that the measure had been taken, these chains were changing prices at that very moment--small establishments, the big ones did not have the courage; they wanted to change the prices and were denounced by the officials themselves. What must have happened is that the price changes that were taking place there were stopped. There was, I think, a lack of supervision. No one would give an order to reprice merchandise, knowing that he would be subject to denunciation and arrest. Later, analyses of the SUNAB [National Superintendency of Supplies] proceedings bore this out.

ESTADO: Will the Income Tax table of deductions be revised?

Funaro: The system has not been changed. In the next few days the Federal Revenue Office will distribute a public clarification with regard to this matter and I am sure no one will suffer.

ESTADO: We are on the eve of completing the first month of the monetary reform which instituted the cruzado and changed the entire economy. Can you make an assessment of these 30 days?

Funaro: I think the merit of the program was that the entire population was committed to it. The plan was announced at a time when the Brazilian people were ready for reform. What is really happening in Brazil today--and I want to insist on this--is that the small problems are very small in light of the great reform which is making it possible for the government, together with Brazilian society, sector by sector, to decide what is best, how it should be done and in what manner. The government does not fancy that it is making a new society. What we are doing is sifting out what is archaic. With the public support which the government has today, we can confront the problems more easily. The monetary correction, which was applied to capital every month and to wages every 6 or 3 months, has been eliminated, and this has interrupted the concentration of income in this country. A year from now, or 2 years, the middle class will be the great economic and political bulwark of Brazil. It will form the great base for democracy in this society. It will become stronger. It is the middle class which sustains democracy.

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BRAZIL

ENGESA PRESIDENT ON ARMS SALES ETHICS, MIDDLE EAST CLIENTS

Sao Paulo FOLHA DE SAO PAULO in Portuguese 21 Mar 86 p 6

[Interview with ENGESA head Jose Luis Whitaker Ribeiro, by Dalton Moreira, in Barueri, Sao Paulo; date not specified]

[Text] Even categorized by the United Nations Organization (ONU) as the fifth largest exporter of military equipment in the Third World, Brazil is the only country that has ethics on the international arms market, in the opinion of the president of ENGESA (Specialized Engineers, Inc), the major Brazilian weapons industry. Jose Luis Whitaker Ribeiro, aged 57, remarked in an exclusive interview with FOLHA that other countries (such as the U.S., for example) do not maintain that position, because they sell simultaneously to two nations at war, as in the case of Iran and Iraq; while Brazil sells its weapons only to Iraq and does not have trade relations with Iran.

At the ENGESA administrative headquarters in Barueri (a municipality in the western section of Greater Sao Paulo), Whitaker asserted that the international arms market has an annual billing of \$800 billion, only \$15 billion of which is divided among all the Third World countries, and the rest is associated with the United States and the Soviet Union. He predicts that the sales of his company's products this year will amount to \$600 million.

Whitaker defended the independence of the Brazilian weapons industries, and criticized the American ones, whose "lobbies" exert heavy pressure on new countries in that market. He cited as an example the recent economic embargo that the United States attempted to impose on Libya (accused by President Ronald Reagan of acts of terrorism), despite the fact that that country's weapons industries do business with the Libyans. He criticized them commenting: "They can sell; we cannot. This is ridiculous. They can't give orders to us."

The president of ENGESA attempted to defend himself from the critics in the national weapons industry, claiming that those products bring dollars to the country. Moreover, he mentioned the example of ENGESA, which has aided the exports of other products by opening up markets as yet unexplored by Brazil. He also explained that the secrecy in closing contracts in that area has been required by the purchasers, and not by the Brazilian Government. But he admitted the need for bureaucracy in arms exports, to prevent the country's interests from being disregarded.

FOLHA: The Brazilian weapons industries have managed to penetrate markets previously considered to be other countries' areas of influence. As a result, international "lobbies" are beginning to take action against Brazil. How are they acting, and how are you defending yourselves?

Whitaker: By fighting; we have to fight, because such pressure is normal, and commercial. It comes generally from companies, and sometimes from governments, in instances wherein the industries are state-owned. It is a ground-rule, and we have learned to live with it.

FOLHA: Brazil is now categorized as the fifth-ranking arms exporter in the Third World. Is the trend one of raising its position?

Whitaker: Military equipment has a good market. The two leading producers and exporters are the United States and the Soviet Union. Both have a terrific production in the sector. Every year, that market manages to generate billing of about \$800 billion, with nearly \$15 billion attributed to all the other countries (except for the U.S. and the USSR). We are still beginners. The production of military equipment (and we would do well to make this clear) brings prestige and power to the manufacturing and exporting country. Thus, other countries react, with heavy pressure, in a twofold manner: commercially and politically. Brazil is now acquiring prestige on that market.

FOLHA: In 1976, President Ernesto Geisel's government decided to break off a military agreement that it had with the U.S. since 1952. In your opinion, has there been an accelerated growth in the sector's industries since that breaking of the agreement?

Whitaker: Yes; it may have been one of the most important things that happened for us businessmen. There is also the program to substitute for imports that the Brazilian Government has been continuing since the time of President Juscelino Kubitschek. They have brought excellent benefits for the national weapons industries. But there is no doubt that the breaking of the military agreement (during President Jimmy Carter's administration) had an obvious significance in this respect; because our growth began following that period.

FOLHA: After the breaking of the military agreement with the Americans, did the government offer an incentive for the growth of those industries?

Whitaker: It is a mistake to claim that there is an incentive for this; quite the contrary: the credit terms that the national weapons industry receives from the Foreign Trade Department (CACEX) are the same as those for a company exporting a different product. Nor is there any subsidy either. The Brazilian Army is a very small client, because the Armed Forces purchase very little of our products. For example, ENGESA exports 95 percent of its production. In fact, there is no protectionist measure. What there is is a very good market abroad. Here at home, however, we are treated like any other business firm.

FOLHA: Why do you declare, with a certain amount of vehemence, that the market is very good abroad?

Whitaker: I want to make it clear that there is an intense demand for conventional type weapons all over the world. The great powers are not operating on that market any longer, because they are concerned about other types of conflicts, and hence have made their equipment overly sophisticated; for example for the construction of the large supersonic fighter planes, such as the F-15, F-16, Mig-28, and Mig-29. A war between Iran and Iraq, or a great likelihood of a confrontation between Israel and the Arabs, or in other hot spots of the world, doesn't concern them. No one in those locations is exploding an atomic bomb, much less using powerful missiles. And for this reason, the industrialized countries are becoming increasingly less equipped. Hence, that space was more than sufficient for the Brazilian weapons industry, and has not failed to be an advantageous way of making money; because we manufacture equipment suitable for that type of conflict. It is the big slice of the market that we hold.

FOLHA: Which are the leading Brazilian manufacturers of equipment for those conventional wars?

Whitaker: ENGESA, EMBRAER [Brazilian Aeronautics Company] and, on a smaller scale, AVIBRAS [Brazilian Aviation] are the three major front-runners in international sales. The rest are distributed among several smaller industries that have a less sizable individual production which, when it is combined, is nevertheless large.

FOLHA: Many Brazilian businessmen usually complain that they have various problems with suppliers, and sometimes prefer to import the components for their products. Does that type of difficulty exist for ENGESA, which manufactures a totally national heavy tank, the ET-Osorio?

Whitaker: All the material used in the Brazilian combat vehicles is national, or could be made in Brazil. However, there is a difference in our case, which is the following: In a typical instance, such as the communications system of a tank, which is its radio, there are clients who already have an internal system installed, of a certain make, which could be British, French, or American. Let's say they purchase 200, 300, or 400 units of the Cascavel armored vehicle, and intend to integrate that equipment into an already existing system. Those clients demand that our tanks be provided with equivalent radios. We are forced to make a "draw-back" (an import devoid of certain equipment for processing or incorporation into a product to be exported) in order to equip them. There is this situation to which we are forced to submit. The Osorio and Cascavel tanks are now 100 percent Brazilian.

FOLHA: But is it sometimes cheaper to import?

Whitaker: Returning to the case of the radio that a certain country wants. I could manufacture it, but to fill a small order would be so expensive that it would be extremely foolish. The best thing is to contact that foreign

producer, make a "draw-back," and reexport. Yet, if it is manufactured in Brazil, it is always more advantageous to procure it here; because when the time for financing comes, for CACEX, the government will not finance an import with reexporting. The financial package offered by Brazil (which is beneficial) and the tax incentives, are only for Brazilian products. If I import a certain component and reexport (which is possible), I gain no advantage. Furthermore, the national product is far more reliable than the imported one, and other countries purchase from us for this reason.

FOLHA: What are the predictions for sales of the Osorio heavy tank?

Whitaker: There will not be any sales yet, in 1986, because the Osorio went into head series manufacture recently, and is currently undergoing various technical test phases. Starting in 1987, it is due to enter the production line, with changes and adaptations for our potential clients. It should be stressed that equipment such as this has to undergo alterations in order to meet each purchaser's conditions. Its electronic equipment becomes different in each instance: In the Brazilian "theater," where you have trees and rough terrain, its use in combat would be on between 1 and 2 kilometers. Now, in a desert, where the temperature reaches 70 degrees centigrade, its "laser" telemeter for firing would be different, because it would not have the facilities for hitting the target without being changed. Each "theater" requires suitable equipment.

FOLHA: How do the weapons companies make the sales of their products abroad? Are the connections with the governments of the interested countries direct? Could you explain how this is done?

Whitaker: This is done through PNEMEM (National Police for Exporting Equipment for Military Use). There is an organ, comprised of the ministers from the economic area (Industry and Commerce, SEPLAN [Secretariat of Planning], and Finance), Foreign Affairs, and the military areas (Military Household, National Intelligence Service, Army, Navy, Air Force, and Armed Forces Staff). It is a committee headed by the president of the republic. When I want to make sales to a certain country, I have to contact that committee before setting up any negotiations. The entry way is Itamaraty, which submits the request to the National Security Council, and the latter sends it to those ministers for consultation. I inquire whether I can deal with a particular country. All the ministers have a say: those from the economic area assess whether the country is bankrupt, whether it is rich, and whether or not credit can be given. Next, it is the turn of the military area: the ministers discuss the strategic aspect, that is, whether or not it is in Brazil's interest to sell the weapons; they analyze whether it is a friendly country, whether it is in a state of disruption, and whether or not it is worthwhile changing the strategic balance. Then comes Itamaraty, which discusses the political aspect: let's say, whether or not the country wants to provide equipment to Cuba or to whomever it may be. After that plan has been approved, a document is issued, for the firm, signed by the president of the republic, who authorizes it to engage in negotiations.

Then, I go to the interested country and look at the "menu" (what they want to purchase, the size of the package, and how they intend to make the purchase: with credit, coal, oil, etc.). I make a photograph of what the country wants, bring it here, and through the same door there enters a requisition for the sale to the interested nation under the established terms; and it is judged again. Every round of this lasts 45 days, on the average. I am later authorized to close the deal with that government. However, it is only permitted to sell to established states.

It is a very complicated matter. Anyone selling a bicycle doesn't go through this. It is by no means easy.

FOLHA: Do you consider all that red tape necessary?

Whitaker: I deem it necessary because it could be extrapolated, in the case of firms which manufacture light equipment (rifles, submachine guns, etc.) that could be of use to guerrilla fighters. This would cause the country two types of problems: internal and external. The arms industry is extremely controlled in all its phases; there are military inspectors in every company. We are very carefully watched from the national security standpoint.

FOLHA: Despite all those difficulties, does it pay to be an arms manufacturer?

Whitaker: Sometimes people read, with amazement, statements to the effect that "for every Cascavel mad many schools could be built." It so happens that the ones purchasing the tank are other countries. If you don't manufacture and sell, someone else will do that, and Brazil would be the loser. ENGESA alone employs 10,500 workers. Are we going to stop manufacturing weapons because of this? Let's say we leave; then what would we do with all those employees, and the labor that is also generated by the suppliers? To give an example, ENGESA produces only 15 percent of what it sells; the rest it buys on the national market.

The weapons industry is important: first, because it undergoes few financial crises; it has a moderate, stable market, whose purchasers pay in dollars. It is cyclical insofar as the political side is concerned: its client purchases a very large amount now, and can spend 4 years without making another contract, but we are forewarned. Most of all, any country needs defense. It would be ridiculous to think that it does not, because it would be left at the mercy of any enemy. The more disturbance in an area (the Middle East is a typical example) the more it needs weapons, either to defend itself or to command respect.

The market is worthwhile. The military equipment industry needs up to date technology. It must be independent, so as not to be subordinated to the Messrs Reagan and Gorbachev, when they try to say that you may or may not sell arms to one country or another. We defend and serve the interests of Brazil, and not those of others.

FOLHA: Last December, Brazil signed a contract with Saudi Arabia for the sale of a weapons package priced at \$3 billion. The Arabs have always been considered potential clients of the French. The "lobbyists" from that country must have given you some response, and with a great deal of pressure.

Whitaker: We always feel pressure, and not only that: rumors are spread. Nevertheless, Arabia is an American and very captive market, as well as being difficult. There are but few members of the club, and the number of suppliers of military equipment to the Arabs is not large. We must bear in mind that when you are a weapons manufacturer, you begin to have influence in the country which is a purchaser of your products. Then, everyone chirps.

Our contacts are mainly with countries where there is a harsh, centralized regime, as in the Middle East, whether it be military or not. And they are with the top level. The one purchasing is usually the government elite or the decisive or decision-making element. So, we begin having a very close contact with the personnel who have decision-making power. While other companies deal with the second-level personnel, we talk with the top government echelon. A country which supplies arms has great influence on the purchaser for selling other things. If it wishes, it can use politics (as in the case of the U.S. and the USSR, which have demanded extremely aggressive terms for supplying their weapons); for example, if you want my tank, you have to station 600 persons in my embassy there. This is normal.

The great weapon that Brazil has is that it doesn't use political influence, but rather commercial interest. One example is the case of Iraq, where our country built a railroad, and sold cars; all of this done exclusively under the cloak of the weapons industry. When we went to Iraq for the first time, the only Brazilians there were the ones from ENGESA. The same situation has been repeated in other countries. The Brazilian Government knew how to take advantage of this. I think that it has had great skill. Itamaraty opened new embassies and there immediately followed trade promotions for the sale of other Brazilian products. This obviously infuriates any competitor.

FOLHA: Why is there so much secrecy regarding the closing of a contract for the sale of weapons? In those situations, when the newsmen are trying to find out about something, they usually end up hearing statements like "we have nothing to say." Where does the censorship originate?

Whitaker: The one who prohibits, based on a contract, is not the company making the sale, but rather the client, who doesn't want his potential enemy to know how many Osorios or Tucanos have been purchased. It is strategic for them, an advantage over the other side. All military contracts (without exception) include secrecy clauses which, if violated, automatically cancel the contract already signed. I purchase from you, but you cannot tell what I have bought, much less under what terms. Nothing can be said or disclosed. For me, it would be very beneficial if I could disclose my sales, because it would be additional advertising. But if I did that, I would be discredited.

FOLHA: How are the negotiations with the Libyans progressing?

Whitaker: They are good customers. They are good people, intelligent people; they meet their obligations properly. They are friends of Brazil. What exists is a negative aura created around Qadhafi, whom I know personally, and I can say that he is a highly intelligent and balanced person.

FOLHA: But despite this the US proposed economic sanctions against that country, which was accused of acts of terrorism.

Whitaker: They were not accepted. In fact, we purchase very little from the U.S., because they have that whole list of conditions for making their sales. The main one states that you are not independent to sell military products purchased from them to whomever you wish, without consulting them first. The other countries don't do that. If I purchase a certain product from Great Britain or France, I don't have to give them any explanations. Brazil is sovereign. No one can demand explanations from it. I purchase, I incorporate the product into my equipment, and I ship it anyway. It's my problem. The American does not do so; he demands that a formal request be made in order to be permitted to make the sale or not. The countries which do not do business with them could be the very ones with which Brazil might want to maintain commercial exchanges. There is the typical instance of Libya, with which we have normal diplomatic ties. Now, as for the embargo proposed by the U.S., it was so abnormal that the Europeans didn't accept it, because it is not fitting to impose a political sanction on a country when you have nothing against it. Now, am I going to do that just because you have asked me? It is advantageous for them, because the Americans sell their products to the Libyans. Brazil is more ethical about this than all the suppliers of military equipment in the world, because it engages in arms trade only with friendly countries. We don't sell to Iran, because we are doing business with Iraq. During the time of Shah Reza Pahlevi, Iran was the U.S.' property, and never wanted to learn anything about Brazil. We have ethics, and the others do not. The Americans sell to Libya, Iran, and South Africa. So they have no right to tell you that you shouldn't make sales to Libya. In those international politics, there is a very great manipulation of interests when the client is good. Then, that type of pressure arises: you are forbidden to sell, but I can.

Who Is Businessman Whitaker Ribeiro

Jose Luis Whitaker Ribeiro is a mechanical engineer trained at the Sao Paulo Polytechnical School. He specialized with a master's degree course at Howard University, in the U.S. He is founder and main stockholder of ENGESA. In addition to being a technical designer (he created the sketches for the Cascavel EE-9 and URUTU EE-11 armed vehicles), he is a successful businessman.

ENGESA was founded in 1958, and at the beginning of the 1970's, it began manufacturing truck hauling systems; and in 1972 it was already entering the international arms market. At present, it has 10,500 employees, with 1,400 at the headquarters in Barueri (in the western section of Greater Sao Paulo), including 40 with Ph.D.'s and 400 designer-engineers. It has seven subsidiaries, distributed in Sao Paulo, Sao Jose dos Campos (97 kilometers northeast of the capital), and Salvador. Its main products are the Cascavel EE-9, Uruti-11, and Jararaca EE-3 combat vehicles, and the ET-Osorio heavy tank.

BRAZIL

ITAMARATY WITHHOLDS COMMENT ON ARMS SALES TO LIBYA

Rio de Janeiro O GLOBO in Portuguese 26 Mar 86 p 20

[Text] Sao Jose dos Campos--An official delegation from the Libyan Government was scheduled to arrive in Sao Jose dos Campos on the 17th of this month to discuss closer relations with the country's main arms plants--AVIBRAS [Aerospace Industry Corporation], ENGESA [Specialized Engineers, Inc.], and EMBRAER [Brazilian Aeronautics Company]. The visit was canceled 10 days earlier, however, on the recommendation of Itamaraty [Brazilian Ministry of Foreign Affairs], which had been closely following the course of events between the United States and Colonel Mu'ammr Qadhafi's government. If the visit had taken place--according to sources in the Brazilian arms industry--our country would have had some additional difficulties in its diplomatic relations with President Ronald Reagan's administration.

The Libyans had a very definite list. They wanted to acquire \$1 billion worth of arms that would have included Cascavel and Urutu tanks (manufactured by ENGESA) and rockets, bombs, and multiple launchers (manufactured by AVIBRAS). They are also assiduous buyers of military uniforms produced by Alpargatas. Incidentally, Libya was once the second-largest purchaser of Brazilian arms. It suspended its purchases 3 years ago when an arms shipment on its way to Nicaragua was intercepted in Manaus and Recife.

For over 2 years, Libyan delegations have been negotiating with Itamaraty and the Armed Forces General Staff to reestablish that trade and have even mentioned the Qadhafi government's willingness to finance the development of products of joint interest. The other side of that good will revealed itself a few years ago when Itamaraty had to reprimand the Libyan Government severely because a number of weapons bought from Brazil had been passed on, without prior consultation, to the PLO, according to information from Israeli intelligence agents. But the incident was soon forgotten.

Itamaraty declined yesterday to say whether Brazil intends to suspend its sales of war materiel to Libya in view of the situation of conflict being experienced by that country with the United States. The spokesman for the Ministry of Foreign Affairs, Minister Ruy Nogueira, said he had no comment on the matter.

The trade balance between Brazil and Libya for last year showed \$7 million in Brazilian exports and nothing in imports. Although Itamaraty denies that Libya is among the largest purchasers of Brazilian arms, Ambassador Farag Mohamed al-Seiti announced last year that about 90 percent of Brazil's exports to his country consisted of war materiel.

BRAZIL

FRENCH CONCERNS OVER INCREASING ARMS EXPORTS, CLIENTS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Mar 86 p 5

[Article by Reali Junior]

[Text] Paris--The largest contract for the sale of Brazilian arms abroad, valued at approximately \$3 billion, is still being negotiated with Saudi Arabia and may be concluded rapidly despite the Riyadh government's recent denial concerning a successful conclusion to the negotiations between the two countries. Actually, the talks are continuing and are well advanced, according to statements by a number of French sectors that are beginning to worry about Brazilian competition. They feel that unlike France itself and other large arms suppliers, Brazil enjoys a certain advantage because it has no restrictions whatever and will sell war materiel to any country in the world except South Africa. Brazil is becoming a more sophisticated competitor every year in terms both of its sales strategy and of its production strategy, improving its products and becoming an important member of the restricted club of so-called merchants of death.

Weapons sales are now an important item on its list of exports. Some time ago, the French Government itself, headed at the time by Pierre Mauroy, was worried about the Brazilian offensive in Africa, chiefly because of the increasing presence of Brazilian war materiel in several countries. At that time, the prime minister's staff commissioned a study to determine whether Brazil was a competitor or possible partner as far as France, whose influence on the African continent was traditional, was concerned. Today there are many African countries using Brazilian-made war materiel that was acquired directly or through allies, as is the case, for example, with the Chadian rebels led by Goukouni Oueddei, who have been using Brazilian materiel supplied by Colonel Qadhafi's Libya.

Yesterday the newspaper LE MONDE assigned a prominent place on its first page to a lengthy article signed by Charles Vanhecke, its correspondent in Brazil, concerning the Brazilian war materiel industry's development and its sales. In that writer's opinion, Brazil has become one of the main sellers of arms in recent years, but its choice of certain customers such as Libya has created some tension between Brasilia and Washington. From all indications, President Sarney is not disposed to reduce that activity, which has been earning foreign

exchange at an estimated rate of between \$1.5 billion and \$2 billion annually. The French correspondent discloses that delegations from all over the world now visit the "war plants" in Sao Jose dos Campos. Even the Brazilian Ministry of Foreign Affairs participates in that effort through its worldwide distribution of a deluxe album in four languages with all the details of the "Brazilian panoply of military equipment," for which there are now over 30 customers. The newspaper mentions the example of the tanks manufactured by ENGESA [Specialized Engineers, Inc.] that operate in the deserts of Libya and Iraq--with over 5,000 vehicles having been exported.

But the most surprising progress mentioned by LE MONDE is that achieved by EMBRAER [Brazilian Aeronautics Company] with its Tucano, an entirely Brazilian aircraft that is now part of several foreign Armed Forces.

Lastly, the article also discusses production by AVIBRAS [Aerospace Industry Corporation], which is responsible for the manufacture, under license, of missiles: the German Cobra and the French-German Roland.

11798

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BRAZIL

US \$6 BILLION IN ARMS SALES UNDER NEGOTIATION

Rio de Janeiro O GLOBO in Portuguese 3 Apr 86 p 20

[Text] Sao Jose dos Campos--At this time, the Brazilian weapons industry has contracts signed for \$2 billion in sales of equipment to 10 countries and is negotiating other contracts in excess of \$6 billion. The contracts that have already been formally approved by the National Security Council should be met within 2 to 3 years and, by the end of this period, arms exports should amount to more than \$4 billion a year.

Those predictions were offered yesterday by military sources connected with the National Program for Exportation of Military Materiel; they indicate that, at the turn of the century, the orders on the books of the country's principal arms industries will have reached \$10 billion. To this end, some of these manufacturers, such as ENGESA [Specialized Engineers, Inc], AVIBRAS [Brazilian Aviation] and EMBRAER [Brazilian Aeronautics Company], will have to invest large sums of money--over \$1 billion--to maintain the current projects and to design and implement new weapons development programs.

The sources consulted yesterday reported that, at the moment, AVIBRAS has the most orders--about \$800 million over the next 2 years. ENGESA has commitments in the range of \$600 million and EMBRAER has a little over \$400 million in orders. Domestic sales to the Brazilian Armed Forces do not contribute even 10 percent of the total volume of expected sales. Several other industries also contribute to the country's exports of military materiel, supplying equipment for personal use, light arms, uniforms, first aid materials, communications equipment and replacement parts.

6362
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BRAZIL

NO ARMS SALES TO SAUDI ARMED FORCES FINALIZED YET

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Mar 86 p 4

[Article by Roberto Godoy]

[Text] Every time a Saudi Arabian military official comes to Brazil, billion-dollar figures begin to leap out from the pages of our newspapers, which refer to huge contracts "signed" between the nation's weapons industry and the Riyadh government. Unfortunately, however, these billions of dollars exist only on the printed page. Not one single sale of Brazilian weapons to the Saudi Arabian Armed Forces has been finalized to date, although the businessmen in the sector say there are excellent prospects for obtaining large orders within this year.

Actually, there has been a long string of misunderstandings and misinformation regarding the negotiations, which began, strictly speaking, 8 years ago, when a group of officials from the Saudi Arabian Foreign Ministry showed an interest in the EE-11 Urutu amphibious tank. In 1984, some 4 years after of Foreign Relations Ministry had pointed out to Saudi Arabia that the trade balance had to be improved, a delegation led by Sultan bin Abdal-Aziz Al Saud, brother of King Fahd and minister of defense, came to Sao Jose dos Campos. A few days later, in Brasilia, the Saudi minister signed a protocol officially expressing interest in the purchase of military equipment and admitted, in a press conference, that the total could come to \$1 billion, if it were possible to "obtain licenses for production in Jidda."

Soon after that, the Brazilian industries and the Saudi High Command initiated an exchange of information, followed by a long series of introductions and visits. In December 1985, however, an insignificant Arab-language newspaper, published in London and backed by a nephew of the Shah of Iran, reported that ENGESA [Specialized Engineers, Inc], AVIBRAS [Brazilian Aviation] and EMBRAER [Brazilian Aeronautics Company] had closed deals amounting to \$3 billion with the Saudi Government. It was not true, but several newspapers reprinted the misinformation. The Saudi authorities broke off the discussions until they were convinced that the false report was not a lobbying tactic of the weapons industry to hasten the signing of sales contracts.

Now, another Saudi Arabian mission is in Brazil, seeking to define priorities for technological interchange and to learn the working methods of the companies, because when a supply contract is finally signed, the Saudis will require that part of the materiel be manufactured or assembled in its weapons plants. The research and development officials who are members of the Saudi delegation went to the Center for Aerospace Technology, but, according to an advisor of the general directorate, they did not sign any bilateral cooperation agreement. According to the same source, this phase is foreseen in the second half of this year. Maybe.

6362

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BRAZIL

DISTRIBUTION OF ARMS CATALOGUE TO 105 COUNTRIES INITIATED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 4 Apr 86 p 5

[Text] A week after President Jose Sarney made an appeal for world peace to 40 countries, in a message read at the Disarmament Conference in Geneva, the Brazilian Government is launching a new campaign to expand its exports of weapons and war materiel. On Tuesday, Itamaraty will begin to distribute 9,000 copies of a catalogue of Brazilian arms to 105 countries. Brazil is already the fifth or sixth largest arms exporter in the world, and the idea is to become, before long, the fourth largest, surpassed only by the United States, the Soviet Union and France.

The first proofs of the catalogue, with the English title Brazilian Defense Equipment, were ready yesterday. On Monday, the printing firm under contract should deliver most of the copies of the catalogue to the Trade Promotion Department of Itamaraty for immediate distribution. Even today, diplomats assigned to this area will plan for its distribution.

Most of the copies will go to Latin American and Middle Eastern countries--the primary target-markets of the Brazilian Government for weapons sales. Some 6,000 copies are in English and Spanish; 3,000 are in French and Arabic.

The National Security Council has information that Brazilian military materiel is to be found in 65 countries in the world. Itamaraty only admits to exporting weapons to a few more than 30 countries. In fact, it is suspected that a good part of the exported Brazilian arms--like those exported by other countries--are diverted to the black market.

The Brazilian Government, like almost all the other countries, only permits official sales; i.e. sales by the government. It is the highest military authorities who have the power of decision over sales to the 105 countries (where Brazil has an embassy or diplomatic representation) which will receive the catalogues. Some of the copies will be held in reserve in the embassies to be distributed gradually to interested nongovernmental parties.

This is the third time that Brazil has published an arms catalogue. The first one, 15 pages long, in which 14 companies presented their products, was launched in 1983. The second one, 84 pages long and representing 28 companies, was published in 1985. This last catalogue offers a few more than 800 different

items for military use, produced by 35 companies, and it is 136 pages long. Still, this is smaller than the catalogues of other countries. England has been putting out a catalogue for 30 years; it is now in three thick volumes, showing everything from missiles and planes to underwear for soldiers. This third edition of Brazilian Defense Equipment has also given space to firms indirectly related to the arms industry. For example, Varig is advertising services to rehabilitate and recondition aircraft, while Wota, a Rio Grande do Sul firm, is showing its weapons-manufacturing equipment.

Another technical innovation: to facilitate use, the catalogue has three separate indexes (by type of item, name of product and name of manufacturer) and is divided into 15 headings, such as "planes," "electronic equipment," "optical products," "artillery" and so on.

The AMX plane and the Osorio combat vehicle are the two "stars" of the catalogue. Both are appearing for the first time on the international arms market. It is interesting to note that the AMX, a subsonic ground attack plane produced by the EMBRAER [Brazilian Aeronautics Company]-Aermacchi-Aeritalia consortium, will only begin to be produced commercially this year.

The "Osorio," the principal and most modern combat vehicle produced by ENGESA [Specialized Engineers, Inc], is being advertised with two options: equipped with a 120-mm cannon of the smoothbore type (without grooves inside the barrel); for modern ammunition; and a 105-mm cannon with a rifled bore (with grooves), for traditional ammunition. This tank is similar to the German Leopard, with great mobility and fire power.

Through the catalogue, some Brazilian computer firms are also seeking to enter the sensitive international weapons market, advertising defense items that are not exclusively military. For example, Elebra-Telecon is offering a flight control system; both this firm and Digicon are offering various computers which could be used, for example, in artillery operations or in administration.

With this catalogue, Itamaraty hopes to expand Brazilian arms exports this year. The diplomats report that sales are increasing every year, but they cannot say what influence the two previous catalogues have had. The figures are more than imprecise; they are highly secret. For political reasons, the government tends to downplay them; for commercial reasons, the industries tend to overestimate them. The international agencies which specialize in the field talk about exports between \$1.5 billion and \$3 billion. Only one thing is certain: every year Brazil is winning markets away from traditional exporters, such as France, England, Italy and Israel.

6362

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BRAZIL

GENERAL CENTRAL ORGANIZATION OF WORKERS FORMED; REACTION

Central Union Organization Formed

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 25 Mar 86 p 45

[Text] Establishment of the General Central Organization of Workers [CGT] was the high point of the Second National Congress of the Working Class, which ended in Praia Grande last Sunday with over 5,000 union delegates in attendance. Joaquim dos Santos Andrade of the Sao Paulo Metalworkers Union was elected CGT chairman for 3 years by acclamation. Leaders of the Brazilian union movement were seldom seen at plenary meetings during the 72 hours of the congress, since they were waging a real battle behind the scenes to decide who would head the new organization. There were continuous meetings lasting until dawn. Shortly before the congress ended, the first list of names of those who were to make up the "unity slate" was announced. It was to include representatives of every shade of political opinion identified with CONCLAT [National Conference of the Working Classes]. But by the end of the meeting, a number of key posts had again been reshuffled following many compromises.

One of the most controversial posts was the one to be occupied by the chairman of the Sao Paulo Union of Electricity Workers, Antonio Rogerio Magri, who had been mentioned at the start of the congress as one of the probable candidates for CGT chairman. He wound up in charge of the Secretariat for International Relations, but only after campaigning for the post of secretary general and for one of the positions as deputy chairman, both of which were denied him by the trade unionists because of his ties with the U.S. union movement—chiefly the AFL-CIO, whose headquarters are in Washington.

One of the names to be included on the "unity slate" at the last moment was that of Arnaldo Goncalves (of the Santos Lowlands Metalworkers Union), a traditional militant in the PCB [Brazilian Communist Party], who wound up as second treasurer.

Women were also honored in the new workers organization with the inclusion of Goncala Cruvinel, who became a member of the supervisory board. Besides the posts of regional deputy chairman, three departments were established: one for retirees, one for women, and one for employees of state-owned enterprises.

With dissensions temporarily forgotten, Joaquim dos Santos Andrade of the Sao Paulo Metalworkers Union and Jose Francisco da Silva of the National Confederation of Agricultural Workers (first deputy chairman) were elected by acclamation by the 5,000 workers in attendance on Sunday afternoon at the Union of Textile Industry Workers, thus uniting the urban workers with the rural workers.

Present at the establishment of the central union organization was Minister of Labor Almir Pazzianotto, who had come "to bring the support of President Jose Sarney to the working class meeting in Praia Grande." Pazzianotto said the very fact that the leaders needed to spend several days together to come up with a slate expressing consensus demonstrated the high degree of "maturity and competence" among the trade unionists. For that very reason, he believes there will be a reunification of the Brazilian union movement that may include a rapprochement with the Sole Central Organization of Workers [CUT] of the PT [Workers Party].

It was not only in the drawing up of the "unity slate" that the dissensions became evident. They also appeared in the debates and voting that took place in connection with the theses proposed at this Second CONCLAT. The most controversial theses were those concerned with the foreign debt and the government's stabilization plan, both of which received special attention on Sunday.

Whereas the Communist Party of Brazil [PCdoB] advocated a pure and simple suspension of debt payments, the groups headed by the PCB, MR-8 [8 October Revolutionary Movement], and the PMDB [Brazilian Democratic Movement Party] proposed a moratorium. Tempers rose, and the debate was almost suspended by the presiding officers because of the aggressiveness shown by the plenary meeting in defending the various theses. Unhappy with the results, the officers took three simultaneous votes before declaring the issue settled. The winning thesis was the one calling for a suspension of payments. It won the votes of the majority in a plenary meeting where the PCdoB's predominance was made clear.

Another equally controversial topic was the economic package, which was approved by a majority of the 5,546 delegates, although with reservations as far as its wage aspect was concerned. It took at least 2 hours to debate the package, with nearly 10 speakers taking turns at the rostrum to support or criticize the reservations. Many of them were even called "Brizola men" because they denounced the "shock" freeze on prices and the wage adjustment for the past 6 months. Despite many boos, the package was ratified with reservations concerning the wage policy, which, according to the workers, must be improved.

The workers also approved the thesis on agrarian reform and the total rejection of Convention 87--approved by the ILO in 1948--which deals with union organization. In the opinion of trade unionists attending the Second CONCLAT, that convention cannot be approved "because it runs counter to union unity, being a disguised instrument for weakening the workers' struggle."

"Independent"

"A sad spectacle." That was how Antonio Pereira Magaldi, chairman of the USI (Independent Union of Trade Unions), referred to the establishment of the General Central Organization of Workers. "It dealt with everything except matters of interest to Brazilian workers. It was a case of wild petty politics, with everyone trying to gain the advantage over everyone else, and the result is that a breakup of the organization is inevitable."

Magaldi made it a point to say that "we, the independent unions affiliated with the USI, are neither the tools of political parties, as the CUT is, nor an international and political maneuvering force, as the CGT is."

At FIESP

In the opinion of Roberto Della Manna, coordinator of Group 14 at the FIESP [Sao Paulo State Federation of Industries], CONCLAT's transformation into the CGT will not bring about any changes in the relationship between capital and labor because, he says, the only thing that has happened is a name change.

The FIESP's deputy chairman, Paulo Francini, also said he did not see any change in the union movement as a result of CONCLAT's transformation into the CGT. He said CONCLAT's leaders had shown political sense in adopting an acronym that presupposes the hegemony of the worker movement. He said: "The fact is that we had two central union organizations before, and we will continue to have the same two central organizations. The only difference is that one of them has changed its name."

With Reservations

Establishment of the CGT is being viewed with reservations by business and union leaders in Rio de Janeiro. Even unions linked to CONCLAT's successor, an example being the physicians' union, "have doubts about what the results will be." The CGT, which is influenced from several quarters--the PMDB-PCB, MR-8, and the PCdoB--is accused by businessmen of being radical "at a time when the government deserves to be given a chance."

The chairman of the State of Rio de Janeiro Union of Bank Employees, Teophilo de Azeredo Santos, feels that the important thing is not the change of acronym but the objectives being pursued: "What I consider negative are the statements opposing private enterprise. In an open and well established democracy, a market economy is the best means to economic and social development. To give an example, Spain and France, both of which have socialist governments, do not hinder free enterprise."

Although his union is affiliated with the newly established CGT, the chairman of the Rio de Janeiro Metalworkers Union, Roberto Chabo, is skeptical of "Joaquinzao's" performance as chairman: "I feel that it was a partial solution, since my candidate was Jose Francisco da Silva. If 'Joaquinzao' lives up to expectations, the CGT may grow, but what worries me is his biography, which does not help anything, although his stands have improved in

recent times." Chabo emphasizes that the choice of the chairman of the Sao Paulo Metalworkers Union as chairman of the CGT was a matter of politics: "It was an appropriate solution, considering Brazil's current union situation, since the choice was between compromise and a split."

New Chairman

Rio de Janeiro O GLOBO in Portuguese 30 Mar 86 p 30

[Interview with Joaquim dos Santos Andrade, newly elected chairman of the CGT; first four paragraphs are O GLOBO introduction]

[Text] Sao Paulo--The recently established General Central Organization of Workers (CGT), which replaces the former CONCLAT, displays in its leadership something similar to the makeup of forces that was put together to make the Democratic Alliance cabinet viable. It includes representatives of positions ranging from the left--such as that of the chairman of the National Confederation of Agricultural Workers (CNTA), Jose Francisco da Silva--to the most conservative--such as that of the chairman of the National Confederation of Industrial Workers (CINTI), Jose Calixto Ramos.

Included in that makeup is the chairman of the Sao Paulo Union of Electricity Workers, Antonio Rogerio Magri, who admits to receiving about \$230,000 annually from the AFL-CIO, the central union organization in the United States, for training union leaders in Brazil, and the chairman of the Santos Metalworkers Union, Arnaldo Goncalves, who is a member of the PCB Central Committee.

Heading that fragile political roster is the veteran and controversial chairman of the Sao Paulo Metalworkers Union, Joaquim dos Santos Andrade, or "Joaquinzao." He considers it worthwhile to test once again his ability to reconcile the interests of the top leaders, an exercise tested and approved during his 22 years at the head of Latin America's largest union.

In an interview with O GLOBO, Joaquinzaao says that doing so will not present a problem this time, either, and that the fact that the CGT is coming into being as part of a new economic reality will not adversely affect its dynamics, since the priority demands will be shifted to the social context.

O GLOBO: Isn't the CGT in danger of breaking up because of the complex interests of the forces it comprises?

Joaquinzao: The CGT tries to bring into its leadership all those tendencies that are active in the union movement, the purpose being to become a serious and competent interlocutor for the workers. Provided that we can keep partisan passions away from the CGT, the rest will be easy and achievable.

O GLOBO: The CGT is being established almost at the very moment that the [economic] package is turning 1 month old. Is the stand taken at the congress one of critical support?

Joaquinzao: It means that the union movement will remain vigilant, not only in monitoring prices, but also with respect to all those aspects that are important to the success of the package. We are going to keep an eye on the bankers, the businessmen, and the government itself. That attitude on the part of the CGT already provides an idea of how the first month has turned out. In other words, we are still waiting to see what will happen. We want the price freeze to succeed, but we also want improvements in unemployment insurance, for example.

O GLOBO: In short, you are rooting for the success of the package?

Joaquinzao: Not only I, but all Brazil, must root for it. The package must succeed, otherwise we will be headed for civil rebellion. Our contribution will be to monitor the way in which it is implemented and to promote broad dialogue with the government.

O GLOBO: What sort of changes in the union structure does the CGT propose?

Joaquinzao: It is necessary to democratize legislation and be done with intervention, to abolish the Strike Law, and change the structure of union elections. But one of our main proposals is to establish a system of nationwide collective agreements by occupational category. And that is where the CGT comes in. Following the example of what is done in the European countries, the CGT will have to negotiate on behalf of all of the country's unions.

O GLOBO: Getting back to the subject of the package, what is changing in relations between capital and labor?

Joaquinzao: If the union movement turned its direct loss into inflation, that was not because it wanted to do so, but because inflation existed [sentence not clear]. Now there remain thousands of issues on which we must win, possibly by going out on strike. The package is bringing changes and will alter the nature of demands. Working conditions, social improvements, job stability, a shorter workday, and so on must occupy our attention along with more urgent issues such as the suspension of payments on the foreign debt and agrarian reform.

O GLOBO: What action will the CGT take in connection with the constituent assembly? Will the CGT nominate candidates?

Joaquinzao: We do not have the idea that that assembly will be the solution to all problems, but it will tend to reflect the reality of the social and economic changes being experienced. From that standpoint, the CGT will play a very important role in that we will attempt to amend the election laws beforehand so as to prevent the abuse of economic power to the detriment of aspirations by candidates committed to the people. After that, we will have to run two candidates for each state.

O GLOBO: But is the CGT going to stop at that--in other words, is it not going to present its own proposal for a constitution?

Joaquinzao: We are going to begin rounding up jurists and lawyers to draft our proposal. What we cannot do is simply criticize the defects without presenting solutions. For that matter, the reason the CGT came into being was to present solutions.

O GLOBO: Were you a candidate for the constituent assembly or are you still one after being elected chairman of the CGT?

Joaquinzao: That is not up to me. It is a decision that must be thought out and brought to maturity. My candidacy for the constituent assembly depends on the study to determine whether there is compatibility between the post of chairman of the CGT and that of deputy. My understanding at the moment is that there is not.

O GLOBO: The militants in the union movement mingle the party's general line of conduct with the specific issue of workers. Since you belong to the PMDB, don't you run the risk of doing that?

Joaquinzao: We are not going to place union policy at the service of a party, no matter which party that may be. If the CGT nominates a candidate in a particular state, his party will not be important. The CGT will not be a ghetto or an ideological patrol: it will be the central organization uniting all tendencies, which will participate freely.

11798

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BRAZIL

PFL CONFIDENT OF STRONG PERFORMANCE IN NOVEMBER ELECTIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 1 Apr 86 p 3

[Article by F. M.]

[Text] Brasilia--The top leaders of the Liberal Front Party [PFL] are confident of strong performance in the elections on 15 November. If the party is not successful in the gubernatorial campaign, it may "hitch a ride" in several states by joining primarily with the PDS [Social Democratic Party], which is a kind of adopted brother. The PFL is convinced that in the end, it will win significant congressional representation--in the Chamber of Deputies and the Senate.

As far as the elections for governor are concerned, the PFL by itself is not in a good position except in a few Northeastern states, primarily Bahia. Thanks to the (controversial) leadership of Minister Antonio Carlos Magalhaes, a former PDS dissident and now a new convert to the PFL, the party will be in a strong position as it goes into the gubernatorial race. Along with the PTB [Brazilian Labor Party] and what remains of the PDS, it will formally support jurist and former Senator Josaphat Marinho of the PSB [Brazilian Socialist Party].

In Espirito Santo, everything is moving toward an agreement with the PDS, and Elcio Alvares, a former deputy and former governor, will be the PFL's candidate for state governor. In Alagoas, former Governor Divaldo Suruagy, who has now resigned that post to make a bid for Congress, is urging Senator Guilherme Palmeira, a former governor, to run for governor. If Palmeira prefers to remain in the Senate--his term expires in January 1990--the other name under consideration is that of Federal Deputy Jose Thomaz Nono. The PMDB [Brazilian Democratic Movement Party] intends to run on its own track without an agreement with the PFL. Deputy Fernando Collor de Mello (a former Maluf supporter in the PDS) is the one working hardest to bring that about.

In Sergipe, the picture has gotten complicated. In last year's municipal elections, the PMDB and the PFL made an alliance and elected Jackson Barreto of the PMDB mayor of Aracaju with direct and conspicuous support by Governor Joao Alves of the PFL, defeating the group led by Deputy and former Governor Augusto Franco (PDS). The agreement called for support by the PMDB for

Antonio Carlos Valadares (PFL) in the race for governor. Jackson Barreto is struggling to live up to the agreement with Joao Alves. One wing of the PMDB, headed by Deputy Jose Carlos Teixeira, who is one of those most closely associated with Ulysses Guimaraes, is engaged in talks with the Maluf branch of the PDS concerning his own candidacy for governor.

In Paraiba, the PFL and the PDS are under the command of Governor Wilson Braga. Senator Humberto Lucena, former PMDB leader, is trying to come to an arrangement with the PFL on behalf of his candidacy for state governor. Wilson Braga is reported to prefer Lieutenant Governor Silva Junior as his successor. The PMDB may reach an agreement with the PTB, which is headed by Deputy and former Governor Tarcisio Burity.

In Santa Catarina, which is Minister of Education Jorge Bornhausen's turf, the PFL is the third-largest politicoelectoral force--behind the PMDB and Governor Esperidiao Amin's PDS. There is not likely to be any kind of agreement. Each party is reportedly going to run its own candidate for governor. In Parana, the PFL may join with PMDB dissidents under the leadership of Deputy Alencar Furtado in an agreement that would also include the PDT [Brazilian Democratic Party] and the PSB. Governor Jose Richa's PMDB is not considering an alliance with the PFL. Richa commented recently in Brasilia that in Parana, "thank God, we and the PFL are enemies." He later corrected that to "adversaries."

In Rio Grande do Sul, nothing has been decided for the moment. The PFL was considering communications executive Mauricio Sirotsky, who died a few days ago, as its candidate for governor. Two other names are also under consideration, one of them being former Minister Cirne Lima. Deputy and former PDS leader Nelson Marchezan is still under siege to reach agreements with the PFL, the PMDB, and the PDT. Sectors in the PMDB are rejecting alliances with the PDS, and that may lead Marchezan to come to terms with the PFL, if there is willingness on the part of leader Carlos Chiarelli.

On Minister Marco Maciel's turf--Pernambuco--the PFL has not yet made up its mind. An agreement with the PMDB's "natural" candidate, Miguel Arraes, does not appear easy. The PFL may attempt alliances with the PDT and the PDS. In Goias, the PFL will support the candidacy of Senator Mauro Borges, who has switched from the PMDB to the PDC [Christian Democratic Party]. The governor of Rio Grande do Norte, Jose Agripino Maia, is confident that the PFL will win with Joao Faustino as its candidate in a new confrontation with Minister Aluizio Alves' PMDB.

In Rio de Janeiro, Sao Paulo, and Minas Gerais, the PFL's situation is not yet clarified. The PFL in Sao Paulo is actually expected to go along with the candidacy of Antonio Ermirio de Moraes, thus joining with the PTB, the PL [Liberal Party], the PSB, and the dissident wing of the PMDB. The PFL's course in Rio de Janeiro consists of reaching an agreement with Nelson Carneiro's PMDB to confront Brizola. In Minas Gerais, Governor Helio Garcia and Minister Aureliano Chaves are trying to put together an agreement between the PMDB and the PFL, although each is meeting with resistance from his own rank and file. But the attempt may succeed.

The PFL in Mato Grosso will run on its own, since the PMDB has practically completed its slate. In Amazonas and Maranhao, the Democratic Alliance (the PMDB and the PFL) is expected to function, but in Ceara, Piaui, and Para, the PFL is leaning toward agreements with the PDS.

In most states, the PFL's opponent is the PMDB. At the national level, both parties support the Sarney administration.

11798

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BRAZIL

ARTICLE NOTES PROGRESSIVE CHURCH AS MAJOR MILITARY CONCERN

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Mar 86 p 10

[Text] Brasilia--"Since the cultural substratum of the Latin American people is Catholic, the communist plan for subjugating our continent currently intersects two meridians: Marxist liberation theology and the people's church. The latter is a parallel church that obeys neither the pope nor the bishops, and examples are the churches existing in Nicaragua and El Salvador."

That is the conclusion reached by Engineer Colonel Ney Correa da Silva of the Armed Forces General Staff [EMFA] in a signed article that appeared in the EMFA's NOTA INFORMATIVA No 009/D2. The publication in question is a bulletin circulated weekly in the departments of that advisory organization of the Office of the President of the Republic. In a column in NOTA INFORMATIVA entitled "People's Cooperation," the colonel analyzes the book "Fidel and Religion" by Father Betto and draws a number of conclusions from it, for example: "The most important tactical step by the Catholic progressive wing in Latin America at the end of 1985 was publication of the book by Father Betto entitled 'Fidel and Religion.'"

In itself, the article would not have any major consequences except for the fact that the military have conspicuously withdrawn from any interference in matters of a political nature since the establishment of the New Republic. And that restraint has been guided mainly by the behavior of the military ministers, who, to a certain extent, no longer engage in the complex reasoning of analyses of "imported ideologies" or ideologies "foreign to Brazilians," as was their habit under the old republic.

Today, in keeping with what the ministers of army, navy, and air force and the EMFA chief themselves proclaim, the main interest of the Armed Forces is in professionalizing their cadres.

In that context, therefore, the article published in the EMFA's conspicuously distributed bulletin attracts attention because of its novelty and shows that the major concern of the military is not so much the communist parties, which have now been legalized, but the progressive church as the supporter of liberation theology, which has now been curbed by the pope himself.

In his article, Col Ney Correa questions the purpose of Father Betto's book as well as the actual intentions of the Dominican priest. He says: "Besides being well versed in those two fields (Marxist liberation theology and the people's church), as is shown by his books, Father Betto is now revealing himself to us more than ever as a determined fighter for the establishment of socialism in Latin America."

And concerning Fidel Castro's objectives, the colonel gives this verdict: "In this abundant testimony, the guerrilla fighter of the Sierra Maestra makes a wonderful effort to win the support of Latin American Catholic countries for socialist revolution."

Decisions Made in Moscow

In his article, the EMFA colonel also rebuts a few of Fidel's statements concerning the existence of religious freedom in Cuba. Here is the colonel's comment: "...today, the percentage of baptized Cubans has dropped to less than 40 percent of the population, while the number attending church on Sunday totals 0.5 percent, a figure that is tending to decline. In 1958, there were over 700 priests in Cuba; today there are 211, and the existing seminary is not filling the gaps left by those who die. In 1958, there were several hundred Catholic primary and secondary schools; today there is not one left. And all children and young people are subjected to Marxist indoctrination that is compulsory and unremitting during the 3 years of military service."

In the colonel's opinion, despite Fidel Castro's expressed willingness to change the state of things in Cuba, it is not going to happen. First of all--the colonel says--"because it was Fidel himself who led the Cuban church into this state of things," and second, "because Cuba's revolution is no longer in Fidel's hands." And he concludes by saying:

"Cuba's revolution today is Soviet Marxist-Leninist. Fidel may grant promising interviews to Father Betto. But the Cuban Constitution (1975) and the resolutions by the first congress (1975) and the second congress (1980) of the Cuban CP, which is strictly materialist and antitheist, naturally stand above the commander in chief. Cuba's ideology today is not decided by Fidel but by Moscow."

The NOTICIARIO DO EXERCITO--a daily newspaper published by the Army Media Center--also published an article on the book "Fidel and Religion" in its edition for last 4 February. The minister of army's advisers were careful, however, not to express any opinion of Father Betto's book. They simply reprinted an argument completely opposing the book's message that had been written by the archbishop of Aracaju, Luciano Cabral Duarte, and published originally in the JORNAL DO BRASIL last 24 January.

11798

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BRAZIL

EMBRAER PLANS TO DEVELOP NEW PLANE FOR INTERNATIONAL MARKET

Rio de Janeiro O GLOBO in Portuguese 26 Mar 86 p 31

[Text] Sao Jose dos Campos--In only 6 months to 1 year, EMBRAER [Brazilian Aeronautics Company] will have completely defined its Project 123, which is intended to develop a new and as yet unnamed airplane that could usefully replace the Bandeirante and provide the level of sophistication and comfort required of planes in the 20-seat range by the international market. For the present, work on the project's details has not yet begun, but preliminary definitions making it possible to build an engineering mockup already exist.

The sources we contacted at EMBRAER yesterday would confirm only that the "EMB-123" is to be quite similar to the Starship developed by Beechcraft in the United States and that testing has been underway since the middle of February. The major difference is that EMBRAER's new plane will be intended for the regional aviation market and will have 20 seats, whereas the American plane is an executive aircraft with a capacity of eight passengers. The "123" will be a turboprop, with the propellers, situated to the rear on both sides of the fuselage, being placed on broad delta wings that have a vertical stabilizer at each tip. On the forward section of the fuselage are two small "lift wings," which are a component known technically as a canard (the French word for "duck").

According to the experts, placing the propellers to the rear improves the plane's performance by making it more economical and faster, since in that location they push the plane rather than pulling it, as is the case with conventional turboprop models. They also reduce drag--the air resistance to movement by the aircraft. The canard is a part that helps to promote the aircraft's lift and reduce drag. Since the lift wing accomplishes only part of that mission, it is necessary for the wings to be broad and triangular in shape--that is, with a large horizontal area making it possible to keep the plane in the air.

11798
CSO: 3342/93

BRAZIL

BRIEFS

HELIBRAS SALES TO LATIN AMERICA--HELIBRAS [Brazilian Helicopters, Inc.] has sold two HB-350B Esquilo helicopters to Paraguay under a contract whose value, including spare parts and optional equipment, totals \$2.76 million. The helicopters will operate from the P-2 Itaipu river patrol boat that was built at the Rio de Janeiro Naval Shipyard and delivered to Paraguay last April (see TECNOLOGIA & DEFESA No 23, page 43). This sale brings to 10 the number of helicopters sold in Latin America by HELIBRAS over the past 2 years. Bolivia has already purchased six units of the HB-315B Gaviao type, Venezuela has bought three of that same type, and Peru has acquired one Esquilo. [Text] [Sao Paulo TECNOLOGIA & DEFESA in Portuguese No 26, 1986 p 37] 11798

ENGESA OFFICE IN BEIJING--The Chinese market is gradually beginning to attract the attention of Brazilian businessmen. Volkswagen Trucks recently exported 1,000 vehicles to that country. Other Brazilian firms with business in China are GM and Mercedes Benz. Now ENGESA [Specialized Engineers, Inc.] is announcing its intention to open an office in Beijing. Brazilian aeronautical sources also claim that the Chinese Government is interested in acquiring the advanced Tucano T-27 training aircraft. If that interest materializes, EMBRAER [Brazilian Aeronautics Company] may make a big export deal, since the Chinese requirement for training aircraft is estimated at 2,000 units. [Text] [Sao Paulo TECNOLOGIA & DEFESA in Portuguese No 26, 1986 p 36] 11798

BC TALKS WITH PARIS CLUB--Brasilia--The Central Bank is engaged in preliminary contacts with the Paris Club (the informal organization of wealthy countries) and hopes that negotiations will begin as early as the middle of next month for the purpose of dividing up the debt of \$1.2 billion that came due in 1985, according to an announcement yesterday by Antonio de Padua Seixas, the Central Bank's director for foreign debt matters. He said that Brazil had made a commitment to the advisory committee of banks in New York not to grant greater advantages to the governments in the Paris Club than those granted to the banks. In other words, the Central Bank will commit itself only to the payment of interest, with amortization of the principal to be deferred until after 1990. Seixas said that detail had been included in the clauses of the agreement with the committee. Seixas also said that Brazil had set a deadline of 15 April for formal agreement by the 700 banks all over the world to the terms of the renegotiation of its debt in relation to 1985 (\$6.1 billion) and 1986 (\$9.6 billion). The amortization payments due last year will be paid beginning in 1991. Until that time, the banks will receive only the interest. [Text] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 28 Mar 86 p 22] 11798

MITSUBISHI WANTS TO BUILD ASTROS II--Sao Jose dos Campos--A conglomerate of Japanese industries--led by Mitsubishi Heavy Industries, the giant of Japanese heavy industry--and Bofors Company, of Sweden, is negotiating directly with AVIBRAS Aerospacial for authorization to manufacture, under license, the Astros II multiple firing system, designed by Brazilian military researchers and engineers and produced with a small part of the technology supplied by the Swedish firm Contraves. According to military sources, Brazil is interested in the deal, which could mean at least \$400 million in revenue for AVIBRAS Aerospacial, which is located in Sao Jose dos Campos, 90 kilometers from the capital, and which holds the international patent on this equipment. According to the preliminary agreements, Japan would produce the equipment only for use by its defense forces, since, under the terms of the treaty signed with the allies at the end of World War II, Japan may not arm itself with offensive weapons. [Text] [Rio de Janeiro O GLOBO in Portuguese 3 Apr 86 p 20] 6362

BANDEIRANTES TO NIGERIA--Sao Jose dos Campos--Last week EMBRAER [Brazilian Aeronautics Company] signed its first sales contract for the Bandeirante plane in the last 12 months. Under the agreement, five planes will be acquired by the Nigerian firm Express Airways Nigeria, which provides transportation for that country's postal service. The first delivery is scheduled for 15 May and all the planes should be in operation by the end of June 1986. The contract comes to about \$9 million. The Nigerian firm requested of EMBRAER that two of the planes have the passenger-cargo configuration, because they will be carrying passengers on the usual regional routes during the day and will carry mail bags at night. The other three planes will be cargo planes. At this time, the only Brazilian plane in operation in Nigeria is the Xingu. EMBRAER sold only one Bandeirante last year. [Text] [Rio de Janeiro O GLOBO in Portuguese 27 Mar 86 p 20] 6362

CS0: 3342/94

CHILE

UDI LEADER WARNS STUDENTS OF OPPOSITION YOUTH GROUP

Santiago EL MERCURIO in Spanish 30 Mar 86 p C3

[Text] The president of the young people's association in the Independent Democratic Union (UDI), Jose Tomas Gonzalez Brito, has cautioned that the recent creation of a youth opposition group that calls itself the "Committee for an Understanding" [Mesa de Concertacion] is part of the Left's strategy.

In a public statement he urged young people not to allow themselves to be dazzled by this "understanding," indicating that the group's goal is to set up a series of small movements that represent practically no one and to thus form a front that various groups of other persuasions would be invited to join."

"Because they are in the minority and have differing positions, the latter would like the front to be led by the leftwing majority, specifically with the participation of the Communist Party," he added.

The UDI youth also deplored the involvement of the Christian Democrats in this understanding, indicating that "this development unfortunately shows once again that Christian Democracy is willing to engage in joint action with the Communist Party."

The statement goes on to say that "above and beyond the inconsistency between the stand of Christian Democratic youth and the stand of the rest of the party on this point, this situation illustrates one of the party's strategies, which is to avail itself at all times of the Communist Party's assistance to reach power; this inevitably leads to the Left exercising leadership in practice when it takes advantage of the wishy-washiness of its old, faithful ally, Christian Democracy."

The UDI youth also voiced their concern over the "essentially political approach" taken by the committee, noting that its members are patently interested in furthering their own political agendas over and above the nonpolitical concerns or problems of young people.

The statement calls on all of the country's young people and especially secondary school students and recent college graduates to "keep your distance from the activities that these kind of leftist-led groups engage in, because far from solving your problems, they will persuade you to support the by now well-known 'social mobilizations,' which in student circles seek only a nationwide shutdown as another way to apply political pressure."

CHILE

FEUC PRESIDENT DISCUSSES POLITICAL SCENE, UNIVERSITY'S ROLE

Santiago EL MERCURIO in Spanish 30 Mar 86 p D3

[Interview with FEUC (Federation of Catholic University Students) President Jose Tomas Jocelyn-Holt by Raquel Correa; date and place not specified]

[Excerpts] There Is Violence

[Question] You have been called upon to take a stand: "To admit, once and for all, your true support for acts of violence" or else "to condemn violence and its promoters, mainly the Marxist Left."

[Answer] Some people have been calling on us to take stands for a long time now. We have often taken a stand on violence. In the program that I drew up (for the elections) I said that we would support only a strategy of consensus, which makes it necessarily peaceful. And we have given proof of our devotion to peace. Last 4 September, at a public demonstration with other social organizations, this Federation of Students, pursuant to an internal resolution, defused 20 incendiary bombs and staged a peaceful demonstration for social grievances in keeping with the spirit that Archbishop Fresno was calling for at the time. We have expressed our position on violence on repeated occasions. My impression is that we have declared our intentions clearly enough. I do not believe in violence.

[Question] You do not believe in violence, but violence exists...

[Answer] Yes indeed! I agree fully with that statement. It is precisely because violence exists that I want to do something about it. But a statement is not enough, even though if you ask me for one, I'll give it to you. We have to realize that there are causes. The only thing I want to do is end the fighting among students. There used to be an ongoing climate of aggression here, and this federation has sought to create more of a climate of understanding, within a very hostile setting, because the country is polarized, which means that organizations are polarized too. So our task as officers is very difficult. I often feel that the people who want us to take a stand on violence are not interested in doing something about it. This is what I fear deep down, existentially. Because people don't want to calm spirits; they just want to avail themselves of violence to reap dividends from petty political calculations.

[Question] [words missing] have said nothing about the delegate rectors...

[Answer] They are included when I say that as far as the government is concerned, the universities are a law and order problem. This is why it is keeping on rectors who are not well suited to the job, just as I am not well-suited to run the War Academy or a frigate. They don't understand the problem of higher education in this country. They are not interested in improving the academic level, in giving the universities autonomy, in enabling professors and civilians to think over, discuss, work out and give the university the structure and organization that they deem most appropriate.

[Question] Why do you think that the new private universities, which are self-financing, do not have the problems of student unrest that the traditional universities that receive government contributions do

[Answer] Diego Portales University is the one I know best. My impression is that the authorities and the students show greater understanding and sensitivity there.

Catholic University

[Question] And there is no understanding or sensitivity here at Catholic University?

[Answer] There are several problems here. This university has certain distinguishing features. It is Catholic and it is the only national university left in the country, and we want it to stay that way. The components of this university are very much out of contact with each other, which makes it seem as though students and faculty are in opposition, when what we really want is to secure, together, more money from the government. We cannot understand either why the faculty association has such little representation on the Superior Council. And the specific problems: the campuses. We want this to remain a national university.

[Question] And what makes you think that it will cease to be one?

[Answer] Temuco makes me think so...And I'm thinking about Channel 13. In the early 1960's the television channels were handed over to the universities so that they could maintain their high quality, and I want to see a more educational, less commercial university channel that does not, for example, disregard the pastoral messages of the bishops. Why does the issue of the consensus have to be alien to Catholic University and its TV channel, which is a tool of the university? In short, I would like it to be less commercial, more educational and more pluralistic? And I'll say it again: Why doesn't Channel 13 broadcast the pastoral messages?

[Question] Archbishop Cardinal Fresno is the grand chancellor of Catholic University. How do you explain then...?

[Answer] I hold the archbishop of Santiago in high esteem. And we have always wanted the archbishopric to play a bigger role within the university.

And my impression is that the Church does too. The Church misses playing a bigger role and wants to.

[Question] One would have to ask where the...

[Answer] I said so before. The government thinks that the university is a problem of law and order.

[Question] Are you saying that the university and its organizations are not run by the Church?

[Answer] I have the impression that a trend began when there was a change of rectors. The archbishop said at the time: "Today a first step is being taken; others will come later." And no one, no one!, at the university has said that it is fine as is, that the television channel is fine as is, that there are not nationwide problems plaguing the university. But we live in a country in a tragic situation...And our job is to try to enable all these institutions to return to normal.

[lines omitted; end of answer] ...Cardinal Silva Henriquez and his supposedly pastoral opinions. Today I am equally critical of those who would like to single out Cardinal Fresno in the same regard.

[Question] In other words, in your judgment, it was fine for Archbishop Fresno to visit La Moneda for a cup of tea after the meeting at which he was told to forget about the "Accord"?

[Answer] The Church does not have to prove anything. For 13 years it has demonstrated with perfect clarity in this country what its concept of human dignity is and it has given public proof of what its mission is, of the problem of freedom and of what Chile's problem is. So I'm never going to ask the Church to take a stand in this connection. It is not necessary.

The "Mobilization"

[Question] Would you say that the events that have taken place at this and other universities are part of the "social mobilization" that one sector of the opposition is promoting?

[Answer] I believe in the social mobilization. Not only is it legitimate, but one gradually realizes that it is necessary. It is changing from a right into a duty. This federation has always tried to spur it on, by talking with other sectors: with the professors, with other universities, with other social organizations, because we are all part of the same national community.

[Question] So your answer is yes to the question of whether the disturbances at the university are part of the social mobilization?

[Answer] Yes. The university is part of the overall situation in the country. And there is real ferment in the country. In such a case, our job as student body officers is to channel this unrest so that our aspirations are fulfilled.

[Question] Now then, let's look at who is channeling these concerns and aspirations and how they are doing it. You are the president of a FEUC that won on a list with all of the opposition groups and you share power with Marxist sectors...

[Answer] I'm the president and I'm a Christian Democrat. The vice president is Esteban Valenzuela, a member of MAPU [United Popular Action Movement], and the secretary general is Eduardo Abarzua, an independent. It is a fact that the officers are supported by a student body that is quite wideranging and pluralistic. All of the students got together...

[Question] All of the opposition students, without distinction.

[Answer] The students who opposed the 18-year rule of the trade unionists. But we want to be broad-based, to include everyone, and we want to provide instruction for the future democracy. This is the other concern that we have raised: the problem of young people. What is needed is tolerance, self-criticism and sensitivity. That trio is decisive.

[Question] Do you feel that the university, in which the entire opposition is united, is a good example for the country to follow?

[Answer] The university is a social organization in which people get together around the actual problems that they are experiencing. This is what brings about a consensus. And there is something that all of Chile aspires to: a commitment on everyone's part to democracy. There will be no peace unless everyone makes this commitment. So, on this issue, we cannot divide Chileans into the good and the bad.

[Question] Specifically, do you think that the Communist Party is democratic?

[Answer] Historically, before 1973, the Communist Party was democratic in Chile. It was even almost conservative. It was ready to engage in talks with the Christian Democrats and called on the Popular Unity government to give in on certain issues.

[Question] But you realize that the Communist Party is not just a home-grown phenomenon.

[Answer] Correct, and the Chilean Communist Party is very dependent on a conflict that I think is foreign to us: the East-West conflict.

[Question] Excuse me. Are you saying that it is very dependent on Moscow?

[Answer] Yes. It is very pro-Soviet. Everyone knows that. Moreover, as of 1980 it has pursued a strategy that I think is very bad for the country.

[Question] Are you talking explicitly about accepting violence as a method of political struggle to achieve democracy?

[Answer] The strategy described as "the thesis of the grassroots rebellion" and "the thesis of the national uprising." I do not agree with them. And I

do not think that this is the proper strategy for achieving democracy in Chile. But my goal, I stress, is a Communist Party that, for the good of everyone, is prepared to give up that strategy to achieve a broad consensus in Chile for a return to democracy. Moreover, I am aware that the Communist Party is not the central problem in Chilean politics today. An absolute majority of people in the country reject the situation in which we are living and want to return to democracy.

"An Agreed Upon Break"

[Question] The problem seems to be how to chart that course. How and, very closely tied to it, with whom.

[Answer] What I want for Chile is what political scientists call an "agreed upon break" that will make possible a peaceful transition to democracy.

[Question] Agreed upon with the government?

[Answer] A professor of mine used to say: "I believe in the civilization of love, but I do not believe in unrequited love." In order to have an agreed upon break, the two sides must show their willingness, and I see a dangerous intransigence on the government's part.

[Question] It is obvious that the Armed Forces will not accept a solution that allows Marxism-Leninism on the political scene...

[Answer] I invite all those who want democracy to join in such a pact, and I hope that everyone does want democracy. Everyone. Chilean democracy requires a broad consensus and a major effort from everyone. Otherwise, it will be very unstable. And I see no willingness on the government's part to foster such a consensus; quite to the contrary. The party to which I belong has often spelled out its stand on the Communist Party.

[Question] And yet you entered into an electoral pact with them here...

[Answer] A political agreement is one thing; an electoral agreement is something quite different.

Negotiations and Pressure

[Question] And should everyone take part in the social mobilization?

[Answer] Everyone who is for a peaceful social mobilization of all Chileans. This is a social, civilian mobilization, not a partisan one. So then, the social mobilization is one thing; the political pact is another, and the various platforms of each group are another. The Christian Democratic Party has spelled its position out in this regard countless times.

[Question] I have read the positions spelled out and I have even transcribed them. But some public opinion sectors are concerned that the Christian Democrats have not clearly spelled out their stand on this issue or that their actions are not consistent with their statements... Things are not that clear,

inasmuch as the National Accord is at a standstill and there are differences of opinion over the social mobilization and agreements with the MDP. So no one is going to be annoyed if you spell out your position this time too...

[Answer] Thank you very much [he replies with a smile]. A political accord that excludes certain sectors is going to make for a politically unstable order. My hope is that Chile can hammer out accords like the ones in Spain, Argentina, Uruguay and Peru, all of whose governments have been the fruit of negotiations and of social pressure too, because it was not just a social gathering around a table...We must strive to make this possible, but I see intransigence from the party with the greatest responsibility: the government. As far as the social mobilization is concerned, I hope that it is peaceful, as little politicized as possible and that it pushes civilian aspirations. This is why I think that everyone should participate. The political programs of each group are something else. This is something that the voters of Chile will have to decide. I have confidence in them.

[Question] The president of your own party, Gabriel Valdes, described as "insurmountable" the differences in goals between the Christian Democrats and the Communist Party.

[Answer] I don't believe in the "multiparty board" of the opposition in Chile. Nor do I believe in the arrangement of the "Single Command." I do not believe in them, frankly, because there are major, underlying differences between Chilean political groups. No one can believe that this is an indispensable condition for an end to this government. I do believe that there must be a high level of political and social negotiation in the country for the transition to civilian rule to be possible.

8743

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CHILE

REGIONAL PLANNING OFFICIAL NOTES DROP IN POVERTY LEVEL

Santiago EL MERCURIO in Spanish 30 Mar 86 p C5

[Article by Dania Guelfand]

[Text] La Serena--The study on extreme poverty that was conducted under an agreement between Catholic University and ODEPLAN [National Planning Office] shows that the rate dropped in the Coquimbo region from 30 to 20.6 percent from 1979 to 1982.

The first statistical study was conducted in 1970 with that year's census data. Four indicators were measured: type of dwelling, degree of crowding, plumbing and household furnishings. The analysis concluded that the extreme poverty rate was 30 percent in the region.

The study was repeated with 1982 census data, using the same yardsticks. The rate was down to 20.6 percent.

Alejandro Fernandez, the regional ministerial secretary of planning in the Coquimbo area, submitted background information that showed what had been done to achieve the sharp drop.

"Between 1970 and 1982, and this is the really important development, 40,000 persons emerged from extreme poverty, according to the study's findings and its gauge of what extreme poverty is. The rate fell 9.4 percent, and this region cannot be compared with others, because it is not a healthy or easy place to live; it can only be compared with itself.

"According to the definition of poverty in the study, there are 84,561 poor people out of a total population of 410,192. In 1979, there were 102,230 poor people out of a population of 340,812," Fernandez added. He went on to mention that the study shows that poverty has risen in rural areas. It stands at 28 percent in Region IV.

With regard to the measures taken to bring about this drop in the extreme poverty rate, the regional planning secretary said that "the government's policy in recent years has been to allocate most of the budget for social spending, independent of subsidies. Housing and public works take up almost all of the budget, which makes growth possible. In 1975, for example, the

sewer system coverage was 24 percent and today it is nearing 60 percent. Moreover, the creation of the National Fund for Regional Development has been fundamental, as it has enabled the regional authorities to tackle and solve problems. Sewerage installation work has been going for 4 years now in the upper Coquimbo (at a cost of around 150 million pesos), and work has begun on discharging the sewage from La Serena through an underwater outlet."

As for another indicator examined in the study by Catholic University, Fernandez indicated that the household furnishings situation has improved and that "the foreign trade system (without delving into certain problems) has enabled the population to buy things that they never had before. All in all, over a 10-year period the rate has dropped by 9.4 percent, mainly as a result of the government's social spending on projects."

8743

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CHILE

REPORT ON POSSIBLE IMPACT OF POLITICAL EXILES

Santiago QUE PASA in Spanish 3-9 Apr 86 pp 24-27

[Article by Mariana Grunefeld and M. Eugenia Braun]

[Excerpts] There are 163,686 exiles, according to the Chilean Human Rights Commission. The commission's estimates are based on the number of people who have been exiled plus their families. The government disagrees. It counts only the exiles who have been ordered to stay out of the country: 3,878. The most recent and complete study on the issue, published by the Research Center for Educational Development (CIDE), concludes that the number of post-1973 exiles is between 200,000 and 250,000, clarifying, however, that political exiles total 30,000. The Vicarship of Solidarity places the number higher. It indicates that to the exiles we must add the undesirable foreigners (the Chileans who have been nationalized in other countries), whose numbers are between 40,000 and 45,000.

In short, an undetermined but large number of Chileans are wandering around the globe and will one day return in droves. A group of Chileans without the L in their passports will go through customs one day. And...what will happen here then? What will the reunion be like? Will there be talk of reconciliation? Will rationality prevail so that we can build a future democracy?

For the time being we know that of the exiles authorized to return between 1976 and 1985, only 2,112 did, only 15 percent of those allowed back in the country. Returning to Chile is a shock; "the return is often a second exile." Families that separate, no jobs, a feeling of insecurity, pent up rage. Will there be reconciliation?

Let's take a look at the exiles. They are younger on the average than the Chilean population. Most have grown up and studied overseas. Of those between the ages of 14 and 39, only 27.6 percent want to return "now." Some 57.2 percent plan to do so "later," and 15.2 percent say that they will remain abroad. It is the exiles over the age of 60 who are "dying" to come back. Some 43.6 percent of them would do so "now." It has also been shown that those with a college degree are more inclined to return "now." And half of the exiles are professionals (46.4 percent). The exiles who are most eager to return live in East Germany, Venezuela and Spain. And here is another

important fact: the political exiles are the ones who unquestionably are most eager to spend the next few years in Chile; 60.2 percent of them would come back "right away." And those who left right after the military uprising are the ones who are most anxious to return (the Left, we assume).

So, most of them are young "politicized" professionals. They return and face problems: 69.2 percent finding work, 35.5 with their families (generally separations from their spouses), 26 percent with the law, and 24.3 percent with their health. Almost 40 percent live off friends. An explosive situation...

Anibal Palma, who has lived in exile for 10 years in the FRG, acknowledges that what is going on in Chile is overdramatized abroad. Protests are exaggerated, and what is viewed with optimism here is looked upon with pessimism over there. He says that this was the case with the assessment of the economic boom. Jose Joaquin Brunner, a socialist professor, says that exiles receive secondhand and, hence, partial information. Political analysis becomes more abstract. For example, exiles see the dialogue between the government and the opposition as highly unlikely, impossible, because they are not part of daily life here. "They do not realize that there are social and academic gatherings and a network of relations among people who think differently." Therefore, they say, if the exiles return and if there is ever any negotiation with the government, it will be with people "on the inside" who have not lived in exile.

The Left "Over There"

"I didn't let myself feel defeated. That would have been giving the victory to the people who applied the sanction to me," says Andres Zaldivar, who lives in exile in Madrid. To him exile was a positive thing: overseas contacts, his election as president of the Christian Democrat International. Christian Democrat Claudio Huepe complains: "The people in the opposition in Chile have undergone tremendous wear and tear; they have not enjoyed the calm atmosphere that the exiles have to think things over." The radical Palma says: "For me it meant an opportunity for further professional and cultural development. I had more time to read, study and write. I gained greater ideological maturity. There was no change in ideology. Previous ideological positions were strengthened." Including the ENU. Political scientist Juan Irarrazaval clarifies the situation: "Exile has definitely improved the scientific and political preparation of the Left." Doctorates, seminars and academic contacts have helped to groom a well-prepared and highly influential group of people. "This enhances their human and intellectual qualities; the same cannot be said of rightwing sectors." The upshot: an imbalance between the two wings and, according to Irarrazaval, a "secularization" of politics, making it more rationalist, less ideologically bound. At least in theory...

Of course everything depends on where they have been. The Communist Party apparatus headed east, mainly to Moscow and East Berlin. The consensus: no evolution here. How would they fit in back home? They are said to have no grasp of present realities in Chile, and their proclamations indicate as much. Gladys Diaz from the MIR [Movement of the Revolutionary Left] told the magazine HOY in 1979: "Eurocommunism has not touched the Chilean parties. The

struggles in Latin America have made it clear that the Marxist-Leninist tradition as a method of analysis and class struggle is still valid. We have not yet found anything better." They cannot get violence out of their heads.

The impact on the leftists who have lived in the West (see table) has reportedly been strong. Carlos Altamirano could not tolerate life in East Berlin and demanded an urgent change. He left for Paris. He does not speak a word of French, nor has he tried to learn. His wife translates everything for him. He speaks only Spanish and calls himself a Social Democrat and an anticommunist. Other converts from Communist Party: Alejandro Rojas, Sergio Politoff, Jose Rodriguez Elizondo. This is the big news: exile has moderated socialist thought. Seeing Mitterrand and Gonzalez in action has terrified them. They have become almost insanely pragmatic about preserving democracy, even if it means sacrificing ideological dogmas. But they have lived it and liked it. They have also been surprised to see Sweden moving towards a socialist society by way of capitalism (taxes on private enterprise, which is always given incentives). Erich Schnake, who has a great contact in Spain (Felipe Gonzalez), and Jorge Arrate are moderate socialists. They were the keys to the emergence of the "Socialist Convergence" in Chile in 1979, much of which led to the socialism of Briones.

Serious studies point to the following changes among leftwing exiles: a high degree of questioning; reassessment of Marxism-Leninism; the issue of activism in political parties and of their internal organization; a reassessment of the private world, daily life and family; a loss of the "messianic" feeling; a more specific, modest and circumscribed political role; disillusionment over the divisions in political parties. Something is something, but not all that glitters is gold.

Socialist Hernan Vodanovic thinks that "there is a big difference in political views between the exiles and those who have returned. Those who remained overseas have a political view that is frozen in 1973." Exile maintains and heightens the emotions, the hatred, the ill will and the pain. "It pushes antigovernment positions to an extreme," emphasizes Irarrazaval. They say that they bear no ill will. Pacheco: "They are so 'traumatized' that they do not want to be thrown out of the country again for any reason." Yet as Brunner says, "they have suffered a lot and want retribution." But what kind?

How did exile harm you, politically speaking? Palma replies: "It takes you away from a struggle. You are a far-off spectator at a struggle that others are waging. This is why the people who have fought day after day inside Chile remain in the front line, and rightly so." This is true. At first, the weight of leadership fell on the exiles. Then the responsibility was transferred to the political parties here in Chile. Were the leaders overseas left out? The exiles have refused to accept political death. Maira and Bitar and examples. They waited only 2 or 3 years to smoothly slip back into domestic politics. But others are "passe." Their time away from Chile has even encouraged an overhaul of political leaderships, above all on the Left. If they return, they will be the same...and the political debate will bog down. Because they are the best known figures and are therefore most in the media limelight. The solution? They should not return. No! Because that violates an individual's sacred right to live in his homeland, because there

are courts of justice that must hear the pertinent cases, and because exile divides society and harms the government itself.

Would You Visit La Moneda?

Anibal Palma: "If I could avoid it, I would." He adds: "But recovering democracy does not hinge on conversing with Pinochet." Regarding exile, he says in conclusion: "It is not a problem of hatred, but I cannot forget either."

<u>Countries With Chilean Exiles</u>	<u>Number</u>	<u>Estimate Years</u>
The Americas		
Argentina	5,000	1973-1979
Canada	12,000	1980
Colombia	200	1982
Cuba	?	
United States	2,000	1979
Mexico	?	
Nicaragua	?	
Panama	100	1980
Venezuela	80,000	1980
Africa		
Algeria	500	1979
Angola	?	
Mozambique	500	1983
Europe		
Austria	1,100	1982
FRG	2,500	1980
GDR	1,500	1980
Belgium	2,000	1980
Bulgaria	100	1982
Denmark	800	1982
Spain	?	
Finland	?	
France	15,000	1982
Holland	1,350	1978
Italy	12,000	1982
Luxembourg	120	1979
Norway	700	1982
United Kingdom	4,500	1979
Romania	500	1980
Sweden	9,716	1981
Soviet Union	?	
Yugoslavia	2,000	1982
Oceania		
Australia	9,000	1979
New Zealand	500	1982
Total	163,686	

Source: Chilean Human Rights Commission

Aid Agencies

--UN High Commissioner for Refugees

--Intergovernmental Migration Committee: These two agencies have paid for travel into and out of Chile and have placed many exiles in a variety of countries.

--World University Service: Since 1978 has awarded scholarships to exiles who are professors and professionals. It is financed by the SIDA, a Swedish institution, and awards 60 scholarships a year; they provide 40,000 pesos a month and last 1 to 2 years. Most of the institutions that have sponsored the scholarship projects so far belong to the so-called informal academic area. The man in charge in Chile is German Molina Valdivieso.

--The Christian Churches Social Aid Foundation: Grants scholarships to nonprofessionals. As of November 1984 it had awarded 151 scholarships to blue-collar workers and students.

--Research Center for Educational Development: Headed by Jesuit priest Patricio Cariola, it also grants scholarships to exiles, mainly professionals. Conducts studies on the subject.

--Vicarship of Solidarity

--Chilean Human Rights Commission: Operating within it is the Pro-Return Committee, which puts out a newsletter, sells cassettes, including a homage to Salvador Allende, and prints large numbers of posters, including one in honor of Luis Corvalan that is on display in its headquarters.

--Monsignor Manuel Camilo Vial is the bishop in charge of the pastoral for exiles. Father Luis Caro in Belgium is their coordinator in Europe.

8743

CSO: 3348/511

DOMINICAN REPUBLIC

PACOREDO, OTHER PARTIES RECEIVE LEGAL STATUS

Santo Domingo LISTIN DIARIO in Spanish 11 Mar 86 pp 1, 13

[Article by Manuel Volquez]

[Text] The Central Electoral Board (JCE) has granted recognition to the Communist Party of the Dominican Republic (PACOREDO), thus increasing to 14 the number of political organizations officially able to compete in the May elections.

The PACOREDO was recognized by virtue of Resolution No 4-86 of 8 March 1986.

Last week, the Dominican Communist Party (PCD) was recognized by virtue of Resolution No 5-86, of the same date.

The requests of other movements remained pending, including: the Montecristeno Municipal, Romanense Independent, Democratic Socialist, the Resurrection of the Peoples (the latter two from the National District), the Santiago Municipal and Barahona Independent Progressive Workers movements.

The PCD and the PACOREDO applied for recognition on 14 January 1986 in petition No 1600.

The first five independent movements named above also applied for recognition on that same date. The sixth did so on 17 January 1986.

The other parties recognized by the JCE and therefore enjoying the right to participate in the coming elections include the Dominican Revolutionary Party, (PRD), the Christian Social Revolutionary Party (PRSC), the Dominican Liberation Party (PLD) and the Civilian Veterans National Party (PNVC).

They also include the Constitutional Action Party (PAC), the Progressive National Force (FNP), the Popular Christian Party (PPC), the Quisqueyano Democratic Party (PQD), the Democratic Unity (UD), the Structure and the National Conciliation Movement (MCN).

Regarding independent movements, the chairman of the JCE, Dr Caonabo Fernandez Naranjo, hinted at the possibility of their recognition by the board in the days ahead.

However, one organization source said yesterday that "the independent movements have not been recognized because they are not accepted as parties."

The source indicated that "the only thing recognizable from the movements is their candidacies."

The source went on to explain that "the difference between a party and an independent movement lies in the fact that the former is of a permanent nature, while the latter emerges spontaneously."

The presentation of candidacies by political parties must take place before 31 March, according to the ruling by the JCE.

However, most of the organizations have not presented lists of members enrolled for elective posts in the coming elections.

Victory

The PACOREDO political committee said last night in a written statement that its electoral recognition "is a political victory of the democratic and revolutionary forces."

It said that it is also proof of political progress and evolution of the Dominican people, who through their determination have made it possible to advance the democratic and institutional process and who have ensured constitutional respect for equal rights for all Dominicans without distinction as to ideologies or beliefs.

It also indicated that "it is a harsh defeat for the Dominican Communist Party and Isa Conde in their claim to represent the Dominican working class and the working masses in order to place them in the service of Soviet socialimperialism and its style of making politics through pressure, blackmail, sabotage and tricks by the press, instead of educating the people in the revolutionary political struggle.

It said that as a consequence of these "aberrations," the PCD is now an organization in disarray.

11,464

CSO: 3248/306

DOMINICAN REPUBLIC

PRSC SELECTS CANDIDATES IN SAN PEDRO DE MACORIS

Santo Domingo LISTIN DIARIO in Spanish 11 Mar 86 pp 1, 12

[Article by Manuel Silvestre]

[Text] San Pedro de Macoris--In the presence of former President Joaquin Balaguer, leader of the Christian Social Revolutionary Party (PRSC), that organization chose its candidates for trustee, senatorial and deputy posts at a convention held here yesterday morning.

Juan Stafleton Gomez was chosen as trustee candidate, obtaining 107 votes, while his closest rival, Felipe Mercedes, won 41. Engineer Ramon Bernal was selected as alternate.

Also participating in the convention were other precandidates: Jose Alvarez, Alsergio Mejia, Rafael Mejia Cruz, Jesus Gonzalez and Dr Eusebio de la Cruz.

Following the convention and verification of the statutory quorum, a second convention was held with the same delegates, as stipulated by PRSC statutes.

At the second convention, the senatorial candidate and the three candidates for deputy seats for the province were chosen.

Mario Carbuccia was nominated for senator, with 78 votes, winning over Ana Perera and Mary Mattei, who received 44 and 23 votes respectively.

Dr Rafaela Alburquerque (Lila) was chosen as the first candidate for deputy, Joaquin Gonzalez Sosa for second and Hector Castro third. Alburquerque obtained 87 votes.

Both conventions were held in an atmosphere of discipline and a democratic spirit, for which former President Balaguer congratulated convention delegates, along with officials from the PRSC provincial directorate for their organization of the event.

Balaguer came to this city accompanied by several reformist leaders, including Rafael Bello Andino, candidate for senator from the National District, Jacinto Peynado, Felix Maria Rojas, Carlos Leroux, Luis Hernandez, Manuel Bello, Deputy Manuel Molina Lluberes, Vinicio Mota, Anibal Paez, Deputy Federico Antun

Battle, Dr Nelson Ramos Nivar, engineers Jose Francisco Comarazamy and Nestor Uribe Matos.

Also with him were Deputies Juan Rafael Estrella Rojas and Jose Andres Aybar Sanchez, Nicolas Fernandez, surveyor Ramon Cos Garrido, architect Tomas Ramos S. and Councilman Bona Rivera.

A committee made up of Guaroa Liranzo and the political secretary of the PRSC, Joaquin Ricardo, was appointed by Balaguer to head work of the Higüey provincial convention in order to choose senatorial and deputy candidates.

The results of that event could not be obtained for this edition.

11,464

CSO: 3248/306

DOMINICAN REPUBLIC

SHORTAGES OF SUGAR, RICE, MILK REPORTED

Santo Domingo LISTIN DIARIO in Spanish 4 Mar 86 pp 1, 12

[Article by Arsenio Ramirez]

[Text] Associations of food wholesalers in the National District and of Santo Domingo merchants have reported an acute shortage of brown sugar and natural rice yesterday.

At the same time, officials from both organizations made an urgent appeal to government authorities to seek a speedy solution to the serious problem growing not only in the capital, but in the country's towns and rural areas as well.

Housewives from all parts of Santo Domingo reported that the powdered milk distributed by the Price Stabilization Institute (INESPRE) cannot be found at commercial establishments either.

Yanet Arias de Nunez, president of National District wholesalers, and Domingo Luzon, adviser to the Merchants Association in the capital, noted separately that the shortage of both products is reaching the critical stage and that brown sugar has practically disappeared from the local market.

Arias de Nunez said, in discussing the problem with the sale of such items, that "the people do not want to buy the so-called 'natural' rice sold by INESPRE, much less the brown sugar, because it is not for human consumption. We hope that the authorities will act and find a solution before the situation gets any worse."

Arias de Nunez explained that the state organization gives that entity permission to buy the product at the Colon mill, "but we have learned that others get it from Santa Fe and Quisqueya in San Pedro de Macoris."

"One high INESPRE official told me that that is the kind of sugar they are getting. It should also be noted that the amount allocated is very little for members and that they are trying to meet their retailers' needs."

Concerning the natural rice, she said that only one Spanish type was being received, but that the customers do not like it. "We only obtain the choice grade because the local natural rice is not available, but we also know that others do get it."

Domingo Luzon said for his part that a bag of brown sugar costs about 58 pesos when the control price is 49. "As you can see, the people will have to pay more for this product since it has practically gone on the black market."

He said that "we do not know why INESPRES does not distribute the sugar. There is one kind, but it is of poor quality and the consumers reject it. We do not know whether it is the State Sugar Council (CEA) or INESPRES that is responsible for this situation."

He continued that housewives should not have to go out every day looking for this precious item and return home without it."

Holy Week

Luzon said that the government should do something to solve the problem of the sugar shortage "because Holy Week is coming and the sale of the product increases considerably for the preparation of pastries and other foods."

Housewives from Santo Domingo have reported that the powdered milk sold by INESPRES has grown scarce at most commercial establishments.

"We need the institution to return to the distribution of this important food staple because our children have nothing to drink now," said Rosa Altagracia Brito, who lives on Summer Welles Street in Villa Juana.

11,464

CSO: 3248/306

DOMINICAN REPUBLIC

DEPUTIES APPROVE CONTRACTS FOR TWO HYDROELECTRIC PROJECTS

Santo Domingo LISTIN DIARIO in Spanish 6 Mar 86 p 5D

[Text] The Chamber of Deputies yesterday approved contracts for construction of the Rio Blanco hydroelectric project and a resolution for the contract to finance execution of the Manabao-Bejucal-Taveras complex.

The Manabao-Bejucal-Taveras complex has as its economic base a \$150-million loan which the Inter-American Development Bank (BID) made to the Dominican Republic.

The Rio Blanco project is based on contracts signed between the Dominican Electric Corporation (CDE) and the consortium CGEE Alsthom-Jeumont Schoneider-Neyrpic, Inc. and Electrical Contractors (CONELCA), and between the CDE and the Banking Company and French Foreign Trade Bank.

According to the first of the two Rio Blanco contracts, the CDE would pay the basic price to the contractor for completion of the project, 830,000 pesos, plus 82.6 million French francs.

The approval of the three contracts was due to the attendance of several Reformist and PLD [Dominican Liberation Party] deputies, whose presence provided the precarious quorum.

Gonzalez Hardy

Dr Ramon Gonzalez Hardy (PRSC [Christian Social Revolutionary Party], La Vega), leader of the Reformist bloc in the Chamber, warned that his party maintained its position of not approving any more loans or taxes, but that its presence at the session resulted in a quorum and approval of contracts for loans beneficial to the country.

However, Gonzalez Hardy said that they would not vote for any of the loans, which action was left to the PLD majority, which he criticized for "its laziness, lack of discipline and apathy in making up the statutory quorum in order to meet its obligations. This leads to the erroneous interpretation that the parliamentary opposition has its share of responsibility on the matter."

PLD

The Dominican Liberation Party (PLD) spokesman, Vicente Bengoa, noted that his presence at the session was due to the fact that the CDE had placed an ad in this newspaper yesterday stating that approval of the loan contracts for the execution of hydroelectrical projects "would make it possible, based on financial projections made by the firm, to reduce the real price of energy as soon as the project went into operation."

Bengoa recalled that in November, he had visited engineer Marcelo Jorge, general administrator of the CDE, in order to ask for such a commitment, which only came about yesterday.

Bengoa added that CDE rates should be lowered based on the drop in the price of oil on the world market.

He said that in January 1985, a given hotel would pay 16,000 pesos a month for electricity, which amount rose to 30,000 pesos in November of that same year.

He added that one industry had watched its electrical rates rise from 17,000 pesos to 28,000 pesos in the same period of time.

"How is it possible," Bengoa asked, "that rates can remain the same when the price of fuel oil which the CDE uses has gone down?"

11,464

CSO: 3248/306

GRENADA

GOVERNMENT REVIEWS POLITICAL, ECONOMIC, SOCIAL PROGRESS

Port-of-Spain TRINIDAD GUARDIAN in English 14 Apr 86 p 11

[Text] **GRENADA'S economy has made a strong recovery since the country returned to Parliamentary democracy in 1984 following the joint intervention by United States and Caribbean troops in October, 1983.**

The intervention came after leftist Prime Minister Maurice Bishop and some of his Cabinet colleagues were killed by more radical Marxist elements of his own People's Revolutionary Government.

In 1985, the country had a growth rate of 3.5 per cent of Gross Domestic Product (GDP), the total value of goods and services produced, compared with one per cent of the GDP in 1984.

3,750 New Jobs

In the last year of rule by the People's Revolutionary Government (PRG) in 1983, a negative growth — minus two per cent — of GDP was recorded.

Inflation was reduced to 1.8 per cent last year from 3.7 per cent in 1984 and 6.1 per cent in 1983.

The country's unemployment rate is estimated at 25 per cent of the labour force compared with 30 per cent in 1983. A labour force survey is to be undertaken this year to determine the actual rate of unemployment.

The present unemployed ranks were swelled by

the return to civilian life, after the intervention, of 3,000 soldiers and hundreds of full time militia members.

Grenada's high rate of unemployment has always been a major concern of the present Government, says Labour Minister Dr. Francis Alexis. Last year 3,750 new jobs were created as a result of the improvement in the economy, he notes.

Tax Reform

The economic prospect for this year is bright says Prime Minister Herbert Blaize. Real growth is expected to be between four per cent and five per cent of GDP, he said.

A Tax Reform Programme introduced on March 1 is expected to accelerate the pace of economic development and provide more jobs.

The burdensome tax system which was a disincentive to investors, farmers and workers has been scrapped. The number of taxes have been reduced from twenty to seven.

Personal Income Tax, Hotel Occupancy and

Consumption Tax are among the taxes repealed.

The entire new system is designed to provide the incentive to individual effort which is so necessary for sustained economic and social development, Blaize says.

High priority has been given to the development of the country's infrastructure with 46 per cent of the 1986 budget allocated to this area.

Blaize emphasised that the country's human and civil rights record is as good as any in the world, and better than most.

Grenadians enjoy all the fundamental human rights. There is freedom of expression and freedom of the Press, he says.

Under the People's Revolutionary Government (PRG) the publication of any newspaper other than that of the Government was forbidden. Now there are six newspapers — three independents and three party newspapers.

The judiciary, patterned on the British system, is independent of the government.

Police Statistics

In the Maurice Bishop murder trial the Government is providing costly legal assistance to the defense of 17 of the 19 accused who are not able, financially, to retain counsel.

The country has no army, but the Royal Grenada Police Force whose size is far less than the army during the Marxist regime, has a Special Security Unit.

In the area of violent crimes such as murder, manslaughter, wounding and assault there has been a significant decrease since 1983.

Police statistics show that in 1983, the number of violent crimes was 1,082 compared with 653 in 1984 and 860 in 1985.

There has also been a drop in crime against

property such as burglary, house, office and shop breaking, forgery and larceny. There were 1,349 such crimes in 1983 compared with 966 in 1984 and 1,115 in 1985.

However, there has been a considerable increase in the number of persons arrested on marijuana charges as well as marijuana cigarettes seized and trees destroyed.

A total of 68 persons were arrested on marijuana charges in 1983 compared with 175 in 1984 and 186 in 1985.

Increased police pressure has resulted in 20,822 marijuana trees being destroyed in 1985, compared with four thousand 742 in 1984 and 421 in 1983. The number of marijuana cigarettes seized in 1985 was 567, compared with 576 in 1975 and 75 in 1983.

The new Government has improved the health care services left by the Bishop Government. For instance, the 60-bed Princess Alice Hospital in the rural parish of St. Andrew's is being refurbished at a cost of about US \$200,000.

Local Govt

Part of the hospital's improvement is the creation of a special consultation clinic, the first in a rural community in Grenada.

Thirty health centres have also been refurbished and upgraded and five new health centres are to be constructed this year to enhance the primary health care service.

Service at St. George's General Hospital has been improved for the first time there are two specialist consultants instead of one. The hospital now has a radiologist, pathologist, ophthalmologist and dermatologist.

Mr Blaize says that Grenada's democratic system will be deepened this year with the reintroduction of Local Government elections.

(Grenada Government Information Service)

GUYANA

PAPER REPORTS ON GOVERNMENT'S PRIVATE SECTOR AWARDS SCHEME

Port-of-Spain TRINIDAD GUARDIAN in English 16 Apr 86 p 12

[Text] **GEORGETOWN, Apr. 15, Cana —** THE GUYANA Government has announced details of its national private sector awards, a key element of its attempt to encourage investment in the sector which was previously de-emphasised in favour of the State which controls 80 per cent of the economy.

The scheme is the first such private sector promotional initiative to be made in Guyana, officials said.

It seeks to promote and emphasise the vital role of the private sector in the local economy, the State-owned "Chronicle" newspaper said.

Awards worth more than \$250,000 and including trophies, gold, silver and bronze medals and tax-free cash awards will be won in six categories.

Top Exporter

There will be a champion exporter award to the company which is the largest net foreign exchange earner during the calendar year.

Other awards:

- The champion substituter award to the company which produces the highest value of products manufactured for the local market, which were previously imported.

- The employment generation award;

- The market penetration award,

- The small business award to the most dynamic company with sales not

exceeding \$100,000 per annum.

In the categories of champion exporter, champion importer substituter, employment generation and market penetration, the first prize will be a presidential trophy, a gold medal scroll and trophy replica.

Cash Award

A silver medal and scroll will be awarded to each second-place winner in these categories, while each third-prize winner will receive a bronze medal and a scroll.

The most valuable prizes will be at stake in the science and technology category, where in addition to receiving prizes similar to those in the four categories, winners will receive non-taxable cash awards of \$30,000 \$25,000 and \$10,000 for first, second and third places respectively.

The President's advisory committee on the private sector played a key role in helping to formulate the scheme which is expected to generate a great deal of interest within the local business community.

/12851

CSO: 3298/413

GUYANA

BRIEFS

WPA CHALLENGE TO TUC--Georgetown, Sunday, (CANA)--The Opposition Working People's Alliance (WPA) has challenged the Trades Union Congress (TUC), a labour grouping, to get a better deal for Guyanese workers. The Alliance issued the challenge in the latest issue of DAYCLEAN one of its new sheets. The Alliance charged that Guyanese workers have been "taking the worst battering in the Caribbean," with their spending power badly eroded by cost of living increases. "Of the Caricom (Caribbean Community) countries Barbados, Jamaica, Trinidad and Tobago, and Guyana, our country (Guyana) had the fastest rising and highest cost of living between 1970 and 1985," the Opposition Party said. [Text] [Port-of-Spain DAILY EXPRESS in English 14 Apr 86 p 15] /12851

SUPPORT FOR CATHOLIC STANDARD--The Inter-American Press Association (IAPA) has called on Guyana's President Desmond Hoyte to lift all restrictions on the "Catholic Standard" newspaper and permit it to receive needed supplies of newsprint. This was one of the resolutions adopted by IAPA's board of directors at a recent meeting in Brazil. Other resolutions condemned stiff Press censorship, in Nicaragua, the absence of a free Press in Cuba, and announced an investigation into the situation in Haiti. IAPA saw the "Catholic Standard" edited by Rev Fr Andrew Morrison, as the sole independent voice in Guyana, struggling against great odds and with much personal sacrifice to continue in operation. It expressed solidarity with Fr Morrison and the "Standard." [Excerpt] [Port-of-Spain TRINIDAD GUARDIAN in English 14 Apr 86 p 3] /12851

CSO: 3298/413

NICARAGUA

WHEELLOCK INTERVIEWED ON AGRARIAN REFORM LAW

Managua BARRICADA in Spanish 4 Mar 86 p 2

[Interview with Minister of Agricultural-Livestock Development and Agrarian Reform Jaime Wheelock Roman; author, date, time and place not given]

[Text] In view of the increasing mobilization of poor peasants or those displaced by the war in search of land where they can produce something before winter comes, Agrarian Reform is considering stepping up the distribution of land in several regions of the country.

From which sectors will the lands come from, and how will the new Agrarian Reform Law back up the land-distribution process without interfering with efficient production? These and other questions were answered in an interview which Jaime Wheelock, commander of the revolution and minister of agricultural-livestock development and agrarian reform, granted to BARRICADA.

[Question] Why is the Agrarian Reform Law being amended, and what is the social implication of these amendments?

[Answer] The first reason is that in all regions of the country, primarily in the Pacific regions and the dry areas of Regions I, V, and VI, where basic grains are produced, after nearly 7 years of Agrarian Reform a large number of peasant families were still landless.

Secondly, the war has displaced tens of thousands of families, particularly in the regions most seriously involved in the aggression: Las Segovias, Norte, Chontales and Boaco. These people were going completely spontaneously toward the interior of the country, while we were setting up population settlement centers to prevent part of the peasant population from being held hostage by the counterrevolutionary forces.

We were concerned, then, by the fact that since the end of last year there has been great pressure to obtain land. Because this pressure is indiscriminate and not properly channeled, it could affect lands that are being efficiently exploited by private farmers, cooperatives, or state enterprises.

When we looked at the possibility of putting together a significant amount of land to solve this problem, we realized that the Agrarian Reform Law, given

its limitations, had practically exhausted its possibilities. Some of the properties that remained in the hands of landowners were used for grazing livestock, or were located in places that did not suit the needs of the people demanding land.

Consequently, we saw that it was very important to channel this pressure toward the idle or under-utilized holdings which, being less than 500 manzanas in the Pacific or 1,000 in the rest of the country, were available after sufficient time had gone by under the Revolution, for their owners to put them to work.

[Question] What government lands will be contributed to help solve the peasants' problem, and what criteria will be used for appropriating those lands?

[Answer] The problem of the landless peasants and those displaced by the war is a national problem, and it should be confronted patriotically by all Nicaraguans. The country is dealing with it by devoting material resources to solving it, and we believe that agriculture and livestock producers must also make an effort to share the material and territorial resources available.

State First to Give Land

In this regard, the first contribution will be made by the state, which holds national lands and enterprises that could undergo a process of rationalization and an examination of their territorial holdings. They could easily turn over a considerable amount of land without interfering with their productivity. Even if their productivity were affected, it would be for the benefit of the people.

[Question] How will you resolve the dilemma of having to expropriate private holdings that are being farmed efficiently, while at the same time defending the principle of safeguarding efficiently-exploited property?

[Answer] We are going to resolve a historic problem, but in doing so we will apply criteria that uphold the essential spirit of Agrarian Reform: The state guarantees the land ownership of all those who work efficiently. There is one exception to this general rule, and it is that if in a given area there is no other way to solve the problem of the landless or displaced peasants, we will examine the alternatives. If there is efficiently-exploited property in this area, the first thing we will do is see if we can divert the pressure to another place, even by displacing the peasant community.

This is a true reflection of the spirit of the law. If this is not possible, then we will have to seek negotiations, and if the landowner does not want to negotiate, the law gives the Ministry of Agricultural-Livestock Development and Agrarian Reform (MIDINRA) the power to expropriate the land. But we are talking about an exceptional and extreme case that could arise in places where there are more poor peasants and more pressure to obtain land.

We have a number of criteria for channeling peasant pressure in such a way that it will not harm an efficient and patriotic farmer. The first criterion

is whether the land is a latifundio holding. We use this criterion because we do not want to cause any serious damage to a medium-sized farmer; we do not agree with expropriating medium-sized holdings, especially if they are efficiently run. And we forbid any expropriations of small holdings; we will not authorize them under any circumstances.

Distribute Idle Holdings

We observe, then, that if the holding is of latifundio dimensions, then it is preferable to expropriate it. In the second place, if the landowner is outside the country, does not work the land directly, and actually has another source of income or a profession, then the expropriation will not damage him too badly.

Of course, there are some criteria that totally preclude the possibility of expropriation: if the farmer works the land directly, if he supports himself and his family with income from that holding, and if he lives on the property, or is a small or medium-sized farmer.

Actually, we should take a more positive approach: The law has been reformulated to benefit the poor peasants, seeking in any case a means to distribute the land held by idle proprietors.

[Question] With the intensification of the land distribution, is the state in a position to supply the peasant with all the credit, inputs, and technical support necessary for him to work the land?

[Answer] What the Revolution has to give right now is land, and giving it is enough; in a later phase, we will implement economic development policies, but in the beginning, we will give away the land so that peasants can work on it and earn a living.

Clearly when we grant title to a plot there are a number of services that the Revolution guarantees the farmer. First of all, credit; a certain amount of technical and organizational assistance, albeit limited; help in obtaining inputs, tools, and in the case of cooperative associations, sometimes even tractors and some more sophisticated elements such as irrigation.

There are some situations that limit the investments that we can make. This is true of the peasants displaced by the war, whose problem we are solving with the settlements and the specific areas of land for them to farm along with one or more families.

As for the settlements, we are supplying the entire infrastructure--we have already built more than 160 settlements in the country, which are small rural towns--and in the case of the areas turned over to the displaced in particular, to a certain extent they are given title to that land. At some point, however, when the war ends, they may return to their homes.

[Question] When you talk about providing land so that peasants can subsist, does that mean that the marketing of their products is excluded?

[Answer] When we turn over the land, we go through a basic process of entitlement that first involves calculating how much land a family would need for its own consumption and to generate a surplus.

We estimate about 40 manzanas per family in livestock areas, 2 manzanas where there is irrigation and vegetables are grown, and 12 to 15 manzanas for farmlands. This implies that family income is based on the production of a surplus.

Agrarian Reform does not promote agriculture for self-consumption; quite the contrary. We are trying to promote specialized agriculture, because subsistence farming entails marginal production that families must engage in because they cannot establish any ties to the market.

We feel, then, that if the land is suitable for farming, then it must be planted in beans or corn or sorghum along the entire production spectrum; that is, the product must be sold so that other products can be purchased. We are talking about family agricultural units of a commercial nature that are capable of generating a surplus to ensure the family's living.

[Question] Does Agrarian Reform include giving land to medium-sized producers who, like the ranchers of Chontales, need summer pasturage in wet areas for their livestock?

[Answer] In the case of medium-scale production, the Revolution guarantees landownership not only to efficient operations, but also to family operations.

Some farmers clearly are more successful than others due to a number of factors that make them grow. In the case of the Chontales ranchers, once they reach a point that they have too many animals on their medium-sized property to subsist on the available pasturage (at least during the dry season), they need more land for extensive ranching.

But we feel that this type of expansive solution leads to greater pressure and competition for land, and therefore we will work in the direction of intensifying ranching, seeking to create summertime feedlots or solutions that the ranchers themselves implement for their development. We are giving priority to providing security and economic guarantees to medium-sized ranchers.

[Question] What are the production goals of the current Agrarian Reform Law?

[Answer] Agrarian Reform has to take place at a given point in time, and in Nicaragua's case, the needs are social and political rather than productive.

Recently I received a letter from a rancher who said that if his property were expropriated because he owned 7,000 manzanas, the country would lose \$500,000 from the expropriated land, since he was one of the most efficient producers in the country. He noted that if there were 2,000 ranchers like him, this country would be able to export \$1 billion worth of meat.

What this man did not take into consideration is that if there were 2,000 ranchers like him in Nicaragua, 1.5 million peasants would have to go into fishing or leave the country, because if we multiply those 7,000 manzanas by the 2,000 ranchers he mentions in his letter, we would get a total of 14 million manzanas, which is practically the entire surface area of Nicaragua.

In other words, we cannot look at the problem simply from the production standpoint; we must also consider the unjust distribution of the resource that is land, which was monopolized by a few while the vast majority of Nicaraguan peasants had no access to it.

This may even entail negative consequences for production in some instances, but the experience we have had in recent years has shown us that such changes can be undertaken without drastic declines in production, which had been expected.

That in itself is an accomplishment. I think it is feasible, however, that as we improve the organization of production, investments for peasants and cooperatives, and the organization of state enterprises, agricultural and livestock production will undoubtedly grow.

Improved Yields from State Property

There is one very positive development from this standpoint. The peasant sector used to produce just 8 quintals of beans per manzana, or 10 to 12 quintals of corn in marginal or mountainous soils. Now that sector has been moved to top-quality lands, which will boost--and has already boosted--the production of basic grains.

In addition, the state productive sector has obtained higher productivity than those lands yielded when owned by the Somocistas. Hardly anyone realizes that the holdings Agrarian Reform received to form the state enterprises were decapitalized, destroyed units of production that were mostly inefficient operations.

Since the triumph of the Revolution, the enterprises have improved these yields. In coffee, productivity is now 17 gold quintals per manzana, compared to the previous figure of 9. Rice, sorghum, and irrigated corn yields have improved. Banana production has been maintained or increased in a sector that used to be run by a transnational corporation. In short, we are making an effort to improve yields, and the result will be greater availability of goods.

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NICARAGUA

PLI'S CORONADO INTERVIEWED ON REVOLUTION, NATIONAL DIALOGUE

PA181458 Managua EL NUEVO DIARIO in Spanish 17 Apr 86 pp 1, 8

[Interview with Eduardo Coronado, "prominent member" of the Nicaraguan Independent Liberal Party, by an unidentified reporter; date, place not given -- passages within slantlines published in boldface]

[Text][Reporter:] Dr Coronado: We tried to interview you several times and you always refused. Why?

[Coronado:] Because EL NUEVO DIARIO is considered an official newspaper. We are very protective of our stance as an /independent/ political party. Experience has proven that you publish only items that benefit the government. That is why we avoid making statements to EL NUEVO DIARIO. I have acceded to your request today because you promised to publish my statements unaltered.

[Reporter:] Define the PLI's [Independent Liberal Party] style of liberalism.

[Coronado:] It's simple. We do not adhere to preconceived standards. We uphold freedom as the ideal that frames our interpretation of current events and future trends. It is the basis for our vision of an economic, political system that will satisfy the material and spiritual needs of all the Nicaraguan people, not only those of a minority.

[Reporter:] Are you speaking about freedom for a few or freedom for the masses?

[Coronado:] If I were a member of the FSLN I would say for the masses, but as a liberal I must say for both. This does not mean that the minority will be free to exploit the masses as has been the case in the past, but that the minority will unite with the masses to ensure a harmonious life for all Nicaraguans without hate or grudges. Minorities are respected in democratic regimes because they keep the power of the masses in check.

[Reporter:] What line will you follow if you become president of your party?

[Coronado:] We will staunchly uphold the party's independent stance. We will lean neither to the left nor to the right. The PLI must struggle to remain in the center of the political spectrum to prevent it from being dragged to extreme positions or into the East-West conflict.

We will also struggle to maintain and strengthen the party's unity and /national unity/ between all of the country's democratic, patriotic forces to lead this revolution down a proper path, not a path that is alien to our national spirit.

We firmly believe that this revolution cannot be labeled with alien tags. It would be wrong to attempt to label it /made in the USA/ because that would negate the revolution and therefore our own struggle. It would even be worse to label it with a /USSR/ tag because that would distort the uniqueness of our revolutionary process, which dreams of bringing well-being and freedom to all Nicaraguans.

[Reporter:] What should the Nicaraguan revolution be like?

[Coronado:] Ideologically it should strictly adhere to the principles of nationalism, Latin American unity, and nonintervention. In practice, it should follow political pluralism, a mixed economy, and nonalignment.

Political parties should be able to act without obstacles and have access to power on an equal level with the ruling party through civic means. The party that wins will thus be the people's choice and not imposed through coercive means. That is political pluralism.

With regard to a mixed economy, the state sector should be an efficient producer, not only a political mobilizer. Cooperatives should work freely, without fear or pressure. Private businesses and technical and professional sectors should enjoy ample guarantees with regard to property, sources of employment, and civic and political rights to feel secure and thus encouraged to produce and invest.

Nonalignment should mean that our revolution has its own image before the world, its own voice and beliefs. We should be a free, sovereign state, not a reflection or echo of other systems that are alien to our Latin American spirit.

[Reporter:] How can that be achieved?

[Coronado:] Through a /national dialogue/ between all of the country's civic forces. I base this on the premise that all of us who have chosen to stay in Nicaragua want to live, work, and die here. We must then unite all of our efforts to advance a revolution that sums up all of the country's democratic patriotic sectors, ideals to attain progress and well-being for all Nicaraguans.

[Reporter:] What about the aggression, Doctor?

[Coronado:] That sore will heal if we succeed in reaching a national consensus. Then all of the country's political sectors will decidedly oppose the war imposed on Nicaragua without hesitation, and among all of us we will find the appropriate way to end the war and united work to reconstruct Nicaragua.

[Reporter:] How is your campaign going?

[Coronado:] I have received the mass support of all of the nation's members. They know my background and my firm allegiance to the party's independent, progressive posture. My strongest credentials are honesty and discipline with regard to the party's principles and goals. I am confident that I will win.

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NICARAGUA

POTATO PRODUCTION, MARKETING PROBLEMS EXPLAINED

Managua BARRICADA in Spanish 7 Mar 86 p 3

[Text] The limited supply of potatoes seen in the country's markets is due to the reduced planting area in the main producing regions (I and VI), but in addition, the lack of a definition of the marketing mechanisms by the MICOIN, the body which will take over control of some perishables, through the ENAPER, is having a serious effect.

Currently, between 200 and 400 quintals of produce are arriving at the wholesale market daily. Because of the limited supply of perishable items, the trade-regulating and norming team working at this marketing center has decided to establish controls governing the potatoes delivered there, which are distributed equitably among the wholesale merchants. They in turn distribute the product equitably and justly to the Managua market retailers, as well as those of Occidente, Bluefields and Region IV.

Ceilings of 4,700 cordobas and 5,200 cordobas per quintal have been established for red and white potatoes, respectively, for retailers at the wholesale market. They in turn sell the product for 70 cordobas per pound in the capital markets.

Reasons for the Situation

Gustavo Toruno, a member of the UNAG production team, explained the factors affecting the limited supply of this product to BARRICADA.

This official said that between 2,200 and 2,500 manzanas [blocks of land] have traditionally been planted in Las Segovias, as well as Matagalpa and Jinotega, but during this period, the area planted has been reduced, for various reasons.

Toruno said that to produce potatoes in a dry area, terraced planting cannot be done, because equipment for irrigating the crops is unavailable.

Reduction of Area

Traditionally, potato planting has been done on a haphazard basis and on a large scale. However, during this period, the area planted has been reduced

due to other factors. For example, there was a reduction in Las Segovias because of a government decree prohibiting the planting of perishable crops within a kilometer of tobacco fields, because the two crops belong to the same family and a plant disease in one area might threaten the other.

The shortage of imported seeds, as well as supplies for local planting, also caused a reduction in area. Jorge Alberto Valeriano of the production department in Las Segovias said that during this farming cycle, only 70 manzanas of potatoes were cultivated for consumption in Jalapa, Pueblo Nuevo, Condega, La Trinidad and Esteli. During the comparable period last year, more than 400 manzanas were under cultivation.

Gustavo Toruno, for his part, said that the lack of an infrastructure for storage is a factor which has traditionally resulted in serious losses to producers, with the result that some farmers in Las Segovias have abandoned this crop and turned to the planting of basic grains, garlic and cabbage.

However, he said, because of the economic losses experienced, the UNAG and MIDINRA have joined together in a cooperative effort to build storage warehouses with national funds and foreign financing.

"This year," he said, "we will provide a better response to the need to raise and store potatoes." He explained that six storehouses have been built in Las Segovias, Matagalpa and Jinotega, with temperature conditions suitable for the storage of 70,000 quintals for consumption and almost 30,000 for seed.

After listing the four factors which have affected potato production, he reiterated that the producers are ready to overcome them and make every effort to maintain production levels which are acceptable, given the real conditions in the country.

However, he emphasized the need for the bodies responsible for the marketing of potatoes to pay prices consistent with the high production costs, in order to leave the producers a certain profit margin.

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NICARAGUA

FOOD, TRANSPORT, FUEL PRICE INCREASES ANNOUNCED

Managua LA PRENSA in Spanish 10 Mar 86 pp 1, 6

[Text] While announcing a 50 percent wage increase, the government also revealed that new prices will go into effect today for basic consumer products, gasoline and its byproducts, transportation and public services.

The document made public yesterday morning, Sunday, increases prices on basic products by 100 to 200 percent, with milk going from 18 to 40 cordobas per liter and a carton of soft drinks from 600 cordobas to 1,900.

The complex of measures approved by the government also covers gasoline, which has gone up from 120 to 180 cordobas per gallon, while diesel fuel will cost 110 and liquified gas for cooking will go to 1,450 cordobas per 100-pound tank, 320 per 25 pound-tank and 120 per 10-pound tank.

The list of basic products, which pertains exclusively to those distributed in the so-called ENABAS workers' supply centers and retail outlets, shows the following prices:

Forty cordobas instead of the previous 23 per pound of rice, 75 cordobas for beans, 35 cordobas instead of the previous 19 for corn, 15 cordobas per pound for sorghum, 35 per pound for sugar and 65 for refined sugar.

The increases cover prices to the producer to encourage production, an aspect which has affected the current situation, according to the government communique. Thus producers will receive a higher price for animal, industrial and farm crop products.

The price list announcement goes on to say that milk will cost 40 cordobas per liter, eggs 240 per dozen, as compared to the earlier price of 180, chicken 220 instead of 160 per pound, salt 15 instead of 6 per pound, and vegetable oil 600 per gallon and 160 per liter, while fortified soap will go from 19 to 55 cordobas.

Laundry soap will go from 18 to 45 cordobas, matches from 2 to 8 per box, detergent powder from 15 to 25 cordobas per bag, and toilet paper from 18 to 55 per roll.

Toothpaste, formerly 57 cordobas, will now cost 90 per tube, sanitary napkins, which previously cost 55 cordobas, will now cost 95 per bag, solid deodorant has gone up to 250 cordobas and toilet soap has increased from 23 to 50 cordobas per bar.

With regard to public services, the increase per kilowatt of electrical energy will push light bills up substantially. The cost per kilowatt is now 8 cordobas, as compared to the previous 2.4.

The cost of drinking water has gone to 48 cordobas per meter, as a result of the increase for petroleum products, which power all of the water-pumping machinery, as well as electrical energy.

The General Income Office has also announced new prices for carbonated drinks, cigarettes, beers and rums, the most dramatic being the increase per carton of soft drinks, which as of today will cost 1,900 cordobas.

A carton of beer now costs 2,200 cordobas, rum, in cases of half-gallon bottles of Flor de Cana Negra, will cost 14,000 cordobas, or 11,520 per case of 24 bottles, and the same price will prevail for half-bottles.

The price increase for Flor de Cana Extra Dry is 14,500 cordobas per case of half-gallon bottles. Vodka costs 11,760 per case and Plata Rum costs 6,900 cordobas per case.

Cigarettes have gone up from 50 to 100 cordobas per package for Alas, while others are 90 cordobas. The retail price for rums has not been provided, although it is presumed that the norms will be established by this same General Income Office.

In the transportation sector, the increases are for interurban travel and freight transport, as well as taxis, which will cost 30 cordobas during the day and 90 at night.

On the interurban and rural routes, for example, a ticket from Managua to Esteli will cost 85 cordobas, one from Managua to Somoto 120, one from Corinto to Managua 80, and one from Managua to Nueva Guinea 410 cordobas.

Ticket prices for express buses are being increased, according to the transport regulations. Even a UNAN transfer will cost 3 cordobas.

Increases in the transport sector include those for interlocal taxis, main interurban routes and departmental taxis, for which the cost has gone up to 30 cordobas, with a zonal crossing costing 5.

Where wages are concerned, the Ministry of Labor has decreed that all categories will receive a 50-percent increase, retroactive to 1 March, and the wage ceiling, that is for Category 28, has been increased to 87,600 cordobas.

On the other hand, the increases mentioned above have already begun to affect the consumer. A tortilla sold for 20 cordobas as of this morning, whereas the previous price was 10.

It has also been announced that the price of local periodicals has gone up to 30 cordobas, in accordance with the request submitted earlier, since wages have gone up 150 percent in some cases in three months' time.

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NICARAGUA

BRIEFS

PSD NEIGHBORHOOD PLAN--Sixteen neighborhoods in the city of Managua have been organized to date by the Social Democratic Party (PSD) of Nicaragua, in the successful continued development of the Managua 86 Plan, the communications division of that political party announced today. This source said that the Managua 86 Plan is being headed by Dr Manuel Matus Sequeira, political training secretary of the PSD, and Hugo Torres, who represents this group in the National Council of Political Parties. The communications division of the PSD, in announcing that "the success of the plan is due to the acceptance of our ideology by the people," explained that the neighborhoods organized to date include Monsenor Lezcano, Linda Vista, Las Brisas, Valle Dorado, Acahualinca, Barrio Cuba, Santa Ana, Riguero, Altagracia, San Judas, San Luis, Reparto Pedro Joaquin Chamorro, Bello Horizonte, Primero de Mayo, Villa Venezuela and Colonia Tenderi. It was also announced that the plan in question will continue until the organization of the whole of the capital city has been completed. With this in view, the activists working on this plan will be augmented by 15 young people who are graduating as activists at the PSD headquarters. [Text] [Managua LA PRENSA in Spanish 7 Mar 86 p 1, 6] 5157

PSC YOUTH ELECTIONS--The youth of the Social Christian Party (PSC) held their national congress this weekend to elect new officers and approve important resolutions. Dr Julio Ramon Garcia Vilchez, vice president of the PSC, gave the inaugural address at the event, which was attended by delegations from almost all of the departments in the country. This top-level gathering of the Social Christian young people elected Fanor Avendano Jr as secretary general. He was nominated by the delegation from Masaya. Avendano is an outstanding PSC youth leader who has been fully identified with the problems of young people and has proved to be a magnificent organizer. The consensus is that the Social Christian youth emerged from their congress strengthened, and there are concrete plans for broader work throughout the country on both the organizational and ideological levels. The officers elected were Fanor Avendano, secretary general; Marco Herrera, deputy secretary; Mario Alvarado, political training; Julio Ortiz, organization; Osman Uriarte, student affairs; Denis Majorga, finance; Salvador Potoy, propaganda; Horacio Larios, social affairs; and Justina Manzanares, culture and sports. [Text] [Managua LA PRENSA in Spanish 18 Mar 86 pp 1, 6] 5157

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